
# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Death penalty move rejected

he House of Commons, in a ree vote, rejected the death enalty for terrorist offences ausing death by 361 votes to 32, a majority of 129.

There were 15 more MPs in vour of capital punishment ian in a similar vote last year id eight fewer against it. Most those favouring the restoraon of the death penalty were onservatives.

Mr. Roy Jenkins, the Home ecretary, argued that the death enalty would increase, rather ian diminish, the risk to public, ılice and security services. irliament. Page 18

### iege gunmen: ew warning

ie Marylebone siege gunmen ay be constructing a bomb, urned Commander Roy Haberon, head of Scotland Yard's mb squad, adding that police d contingency plans. He timed that the absence of any sh bomb attacks in London ice the men were cornered was licative that police had trapped he right bunch." Last night the nmen accepted food for the stages Mr. and Mrs. John itthews.

### idnapper shot

ench police shot dead a young ober who had held a 61-year- woman hostage at a Valence for 22 hours. In Beilen, lland, the Moluccan terrorists eased an elderly man and man from the hijacked train

### omb charges

ndonderry man Shane Paul Doherty was accused of 38 rces of causing explosions having explosives under his trol when he appeared for mittal proceedings at Bow eet.

### avis loses plea

orge Davis, the East Londoner ose sentence for armed roby and shooting a policeman to a campaign which included wrecking of the Headingley t wicket, was properly coned, Lord Widgery, the Lord ef Justice, ruled in the pal Court. The jail term was by three years to 17.

### eformists gain ower in Spain

or Carlos Arias has removed but three of his Cabinet isters in an attempt to give first Government of King n Carlos of Spain a more lern and reformist image. Sr. ga Iribarne, former Ambassain London, becomes Interior ister, with control over the ce. Back Page

### nwanted rises

e top retired civil servants e approached the Government ugh the Civil Service Departt and volunteered to forego of the increases to which r inflation-proofed pensions tle them, the Lords was told. liament, Page 18; Civil ice salaries, Page 21

### ngola peace bid

ident Ford, increasingly coned about the deepening et involvement in Angola, met the Soviet Ambassador he U.S. as part of a major omatic effort to try to bring lt to the fighting. Page 5

### arriott dies

Michael Marriott, chairman he Stock Exchange Council e June, died yesterday, aged The death was also announ of Mr. Jack Frye, chairman , Elliott, the machine tool ern. Obituary, Page 27

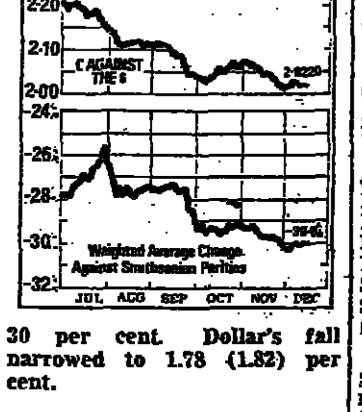
ner Greek President George idopoulos assumed responsiy for the bloody incidents at ns Polytheric in 1973, and d the High Court to sentence to death by firing squad.

### BUSINESS

## Equities fall 4.8; £ slips against $

● EQUITIES gave ground through the day on uncertainty over the Chrysler situation. The FT 30-share index closed at the day's low of 358.1, a fall of 4.8. GILTS lacked a positive direction.

● STERLING fell 15 points to $2.0220 but its weighted depreciation remained unchanged at




30 per cent. Dollar's fall narrowed to 1.78 (1.82) per cent.

● GOLD improved $¾ to $140¼ in moderate trading.

● WALL STREET closed 1.26 up at 832.73 in mixed trading.

● SOVIET UNION has completed its grain purchases for this year, Mr. N. Patolichev, Foreign Trade Minister, said in London last night. Page 6

## £16.9m. loan for Shetland

● SHETLAND ISLANDS Council has been granted a £16.9m. loan by the European Investment Bank to help build a tanker harbour. Page 11

● CANADA'S Anti-inflation Board has rejected the pay award that last week ended a six-week postal strike, but Mr. Pierre Trudeau has indicated the Cabinet will intervene to avert renewed industrial action.

● GENERAL MOTORS chairman Mr. Thomas Murphy is forecasting a 19 per cent. rise in new car sales, including imports, in the U.S. next year. Page 4

● BANK OF ENGLAND'S Law Courts branch closes after the end of business to-day. Men and Matters, Page 20

● RANK ORGANISATION'S present difficulties "stem from Sir John Davis, the chairman, believing that his own judgment was likely to be better than that of outside experts," say brokers de Zoete and Bevan in a circular. Page 11 and Lex

● SINGAPORE STOCK EXCHANGE Committee has criticised as "misleading," the past accounts of Haw Par Brothers International, formerly controlled by Slater Walker Securities. Page 11

### LABOUR

● ELECTRICITY SUPPLY UNION has been asked at the Ferrybridge tribunal to produce its books to determine whether or not it is a "sham." Page 15

● WASHINGTON POST newspaper is airlifting non-union printing staff over picket lines by helicopter. Page 4

### COMPANIES

● ARTHUR GUINNESS, Son and Co. reports a record pre-tax profit of £29.08m. (£22.64m.) after a second-half upsurge to £18.08m. (£12.54m.). Page 24 and Lex

● LLOYDS AND SCOTTISH, the finance group, reports a £2.51m. increase in pre-tax profits to a record £13.1m. Page 23 and Lex

● ASSOCIATED ENGINEERING group pre-tax profits rose 49 per cent. to £13.73m. on a 27 per cent. increase in sales to £208.7m. Page 23 and Lex

### IEF PRICE CHANGES YESTERDAY

es in pence unless otherwise indicated)

**RISES**

| | | |
|---|---|---|
| matic Oil Tools ... | 57 | + 5½ |
| es and General | 16½ | + 2½ |
| drel Foucard ... | 32 | + 3 |
| ness (A.) ... | 142 | + 7 |
| earn Nat. Glass | 56 | + 3 |
| ehill ... | 103 | + 7 |
| h (Bond) ... | 47 | + 4 |
| ıncdale ... | 500 | + 40 |
| lside-Burmah ... | 130 | + 6 |
| ı ... | 265 | + 15 |
| ersley ... | 220 | + 10 |
| ſ ... | 680 | + 20 |
| ... | 224 | + 8 |
| ontinental ... | 925 | + 60 |
| -Wallsend ... | 480 | + 15 |
| field Minerals ... | 69 | + 5½ |

**FALLS**

| | | |
|---|---|---|
| s. 5½pc 2008-12 ... | £35¼ | − ½ |
| Assed. Dairies ... | 204 | − 8 |
| Babcock and Wilcox | 68 | − 4 |
| Bassett (G.) ... | 80 | − 4 |
| Furness Withy ... | 174 | − 5 |
| GEC ... | 135 | − 5 |
| Glynwed ... | 95 | − 4 |
| Johnson-Richards ... | 187 | − 7 |
| Lennons Group ... | 62 | − 4 |
| Lloyds Bank ... | 231 | − 7 |
| London Utd. ... | 51 | − 4 |
| Manbre and Garton ... | 129 | − 7 |
| Matthews (B.) ... | 65 | − 5 |
| P and O Dfd. ... | 95 | − 5 |
| Pullman (R. and J.) | 61 | − 5 |
| Racal Electronics ... | 213 | − 6 |
| Reyrolle Parsons ... | 68½ | − 3 |
| Shaw Carpets ... | 22 | − 4 |
| Sheaf Steam ... | 75 | − 6 |
| Thorn Elect. ... | 198 | − 10 |
| Turner and Newall ... | 141 | − 4 |
| Whessoe ... | 36 | − 4 |
| BP ... | 553 | − 7 |
| Thiess ... | 260 | − 5 |

# Cabinet row to-day on Chrysler rescue deal

BY JOHN BOURNE & ADRIAN HAMILTON

**The Chrysler Corporation's acceptance yesterday of the Government's package offer of a limited rescue operation for Chrysler's U.K. motor plants has precipitated a division in the Cabinet.**

Mr. Eric Varley, Industry Secretary, is furious that his recommendation to let Chrysler withdraw from the U.K.—based on strictly economic calculations—has been overturned by a combination of powerful Ministers.

The Cabinet has been summoned for a special meeting today, but Mr. Varley's view is likely to attract relatively little support. The Cabinet is expected to give its final approval to the rescue operation.

Most of the Government, including the Prime Minister, Mr. Denis Healey, Chancellor of the Exchequer, Mr. Harold Lever, Mr. Wilson's financial adviser, Mr. Michael Foot, Employment Secretary, and Mr. William Ross, Scottish Secretary, will be in favour of the operation.

Their view is based mainly on general political grounds, namely the damage which large Chrysler redundancies would do to Labour's social policy and also to its electoral chances—especially in Scotland against the Scottish National Party.

Mr. Varley, who on strictly commercial grounds recently turned down appeals for financial help from Imperial Typewriters, Norton Villiers Triumph, and the Drypool Shipyards, believes that a rescue for Chrysler would completely undermine his department's "tough and realistic" strategy on "lame ducks" of industry.

Although he is not pleased with the report of his departments' Industrial Development Advisory Board on Chrysler, because this mentioned social considerations, the report in fact concluded that on economic grounds there was no real case for keeping Chrysler U.K. going

Mr. Varley's revolt may come to nothing. Certainly last night he was not in a mood to leave the Government, although clearly he would not have turned down a change of job.

But Mr. Varley's so-far lone stand creates a political problem for Mr. Wilson, who has long regarded him as his most promising protégé

Government assistance, it is believed, would come in three forms:

1—A willingness to take on a major proportion of Chrysler U.K.'s losses over the next few years up to an agreed maximum of some £50m. in the first year and £72m. in total.

2—The granting of a loan for investment, also of about £50m., to be partially secured against Chrysler Corporation's total assets.

3—A guarantee of a medium-term loan of £35m. to be provided by Finance Industry to cover Chrysler U.K.'s short-term debts.

In addition, the Government has offered to take on the major share in a £35m. development project at Chrysler's Ryton works.

The corporation's U.K. operations would still be slimmed down with a loss of as many as 8,000-9,000 jobs out of a total workforce of 25,000. Most of the existing works would continue in some form, but a major part of the machinery and employment at Ryton would be moved to Linwood in Scotland, which would become the main manufacturing centre of the company.

The U.K. operations would be tied much more closely to Chrysler's European network, and a new model would be introduced for assembly in Britain.

If the package is approved then the Government's total financial involvement in the rescue operation owuld amount to £150-£200m.

About half the total involvement, however, would be in the form of secured loans and State backing for a conversion of short-term to medium-term loans.

## Uncertain

Chrysler would, it is pointed out, retain both the management and, more important, a share in the risk and losses of the Corporation. This share could amount to around £50m. on current trends, which suggest that Chrysler could lose at least £40m. in 1976 and continue to make a loss on a decreasing cale until 1978-9.

The deal, which is very largely the work of Mr. Lever—if signed, as now seems likely—will undoubtedly be presented as a constructive way of keeping Chrysler involved in the U.K., and employment at a reasonable level.

The major question hanging over it, however, is whether the workforce will accept the degree of redundancy and geographical movements implied: and whether it will enable Chrysler to survive over the longer term.

Proponents of the deal withh presumably argue that the agreement, although expensive, saves the country from the impact of sudden redundancies, the potential fury of Scottish nationalism, and the international ramifications of reneging on the Iranian order.

At the very least, it provides the possibility of Chrysler becoming an economic unit in the country and at the best might provide a real prospect of growth.

### Iceland rejects new U.K. talks offer

# Gunboat opens fire in worst cod war clash

BY FINANCIAL TIMES CORRESPONDENTS IN LONDON, BRUSSELS AND REYKJAVIK

BRITAIN and Iceland exchanged angry charges yesterday over an incident four miles off the coast of Iceland. Britain claimed the Icelandic gunboat Thor fired three shots at an unarmed British vessel, and then collided with two ships while trying to arrest one of them.

The Icelanders said the British ships, two supply vessels and an ocean going tug, deliberately rammed the Thor. The Thor then retaliated by firing one or two blank rounds, then one live round, but the shells did not explode.

It was the most serious incident so far in the current fishing dispute between Britain and Iceland and the first time that shots have been fired by either side since harassment of trawlers started at the end of the interim fishing agreement on November 13.

Shortly after the incident, Mr. James Callaghan, the Foreign Secretary, and Mr. Einar Agustsson, the Icelandic Foreign Minister, met in Brussels for 40 minutes. Both Ministers were attending a NATO foreign ministers' meeting.

Mr. Agustsson categorically ruled out any resumption of negotiations with Britain on the cod war without the prior withdrawal of the Royal Navy from Iceland's 200 mile fishing limit.


Shortly after the two Ministers had met, Mr. Callaghan gave his scheduled speech to the Nato Foreign Ministers' council, with Mr. Agustsson present. He said he was ready to resume negotiations with Iceland "at any time, at any place, and at any level." But he made one precondition: there must first be an end to Icelandic harrassment of British trawlers.

Mr. Agustsson made it clear later that this condition was totally unacceptable. "An end to what is called harrassment," he told a Press conference, "would be the same as giving up."

According to the British version of yesterday's incident, shortly after midday yesterday the Icelandic gunboat, the 920-ton Thor, approached three British ships which were within Iceland's 12-mile territorial limit sheltering from a force nine gale in heavy snow. The Thor opened fire with its 37mm cannon and let off three shots at the supply ship the Star Aquarius, all of which went wide. The Thor then moved in to try and arrest the Star Aquarius for being within the 12-mile limit, which Britain does recognise. As the Star Aquarius, its sister ship, the Star Polaris, also a supply vessel, and the ocean tug Lloydsman, tried to move away, the Thor was in collision first with the Star Aquarius and then with the Lloydsman.

Damage to the Star Aquarius was described by the Ministry of Defence as "negligible," while damage to the Lloydsman was "nil." The Thor, on the other hand, incurred heavy damage according to reports in both London and Reykjavik, and also had one crewman slightly injured. After the collision, the Thor stopped for a while, and Lloydsman was instructed by Captain James Tait, commander of the British protection fleet aboard HMS Falmouth, to offer assistance. The Thor declined this and then limped back into Seydisfjord

The Foreign Office said last night it "took the incident very seriously and was giving the matter urgent consideration."

In Parliament, MPs demanded a Government statement. A former Navy Minister, Mr. Antony Buck, said "Icelandic conduct here is totally indefensible."

The Icelanders, however, are claiming that the British vessels tried to ram the Thor, which has been the most active Icelandic gunboat in cutting trawlers' warps and trawls, and that the

Continued on Back Page

# BSC will enforce job cuts

BY LORELIES OLSLAGER, LABOUR STAFF

THE BRITISH Steel Corporation informed trade unions yesterday that it would unilaterally introduce a series of measures early next year designed to cut labour costs by up to £170m. a year, including suspension of the guaranteed working week, forced redundancies and the closure of all inefficient plants.

BSC said it had no choice but to act unilaterally because the unions had been "unable to propose alternative measures sufficient to gain the level of cost savings needed to safeguard the future of the industry."

Union leaders estimated that the corporation's programme could mean the loss of 40,000 jobs and they are seeking a meeting with the Prime Minister before Christmas to ask for Government intervention.

Mr. Bill Sirs, secretary of the TUC steel committee and general secretary of the largest union in the steel industry, said the unions would "garner all the forces" of their movement and use their political influence to make sure that BSC would not succeed "in forcing this upon us."

The Labour Government must help BSC with its cash flow problems. Under the social contract with the unions it was committed to prevent massive unemployment, he said.

Mr. Sirs made it clear that at the moment the unions were not contemplating strike action. But industrial unrest would no doubt erupt at a number of plants, particularly those threatened with closure, in the coming days and weeks.

Mr. Sirs also warned that if BSC went ahead with the programme—which he described as a return to "the harsh position of the 1930s when the employers ruled supreme"—it would find it extremely difficult to win back union co-operation later when needed.

The unions realised that the corporation was in serious difficulties and were prepared to examine each individual proposal to see whether agreement could be reached, Mr. Sirs said. But it had refused to withdraw its plan for the sake of avoiding "the degree of bitterness and animosity that will now exist at plant level."

Nor had BSC been prepared to "freeze" its plan until the unions had seen Mr. Harold Wilson.

"No matter what we said to them to-day, they said no to us," Mr. Sirs added, and spoke of the suspicion that Sir Monty Finniston, the BSC chairman, was using the present bad trading position as an opportunity for the cutback in the labour force he desires in the long run.

Mr. Sirs said he also doubted assurances by the corporation that plants to be closed under the short-term economy plan would ever be reopened.

He admitted that the corporation had not told the unions how many redundancies it was aiming for. But straightforward dismissals and people leaving through loss of earnings involved in the suspension of the guaranteed working week could total 40,000.

Mr. Sirs made it clear that the unions had not been prepared for the harshness of BSC's programme as tabled yesterday, despite the fact that the corporation had warned them last month of the need to save £200m. a year in each of the next two financial years.

BSC had then asked the unions to make their own proposals for achieving this goal, but their answer yesterday was found unsatisfactory.

Mr. Bob Scholey, chief executive of the corporation, who had conducted the negotiations with the unions, said it was "with the greatest reluctance" that BSC had decided on its course of action. But it had become clear in the course of the last few weeks that the unions would not agree to "arrangements which would help us further."

Most of the jobs vacated through redundancies would not be refilled. Compared with its European competitors, BSC was badly overmanned and as a first stage had to slim down its present 220,000-strong labour force to some 175,000.

This could not happen overnight, bu it could not wait for another five years either. "We will have to telescope this," he added.

Editorial comment, Page 20

### £ in New York

| — | Dec. 11 | Previous |
|---|---|---|
| Spot | $2.0215-0220 | $2.0240-0250 |
| 1 month | 0.86-0.21 dis | 0.90-0.88 dis |
| 3 months | 2.35-2.30 dis | 2.35-2.25 dis |
| 12 months | 7.70-7.60 dis | 7.70-7.60 dis |

# Healey wins Cabinet agreement on £3bn. spending cuts

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE CABINET is understood to have virtually completed its intensive and at times bitter public expenditure review with Mr. Denis Healey, Chancellor of the Exchequer, achieving agreement on some £3bn. of the £3¾bn. cuts in spending he was aiming at by 1978-79.

While falling short of the target figure, the total package is likely to be presented by the Government as being consistent with the promise that there would be "little or no growth" in the volume of public spending between the coming financial year, 1976-7, and the middle year of the latest survey period—1978-79.

The final shape of the package was agreed at yesterday's Cabinet meeting, but there are so many details to be tied up that the full Public Expenditure White Paper will not be published until well into January.

An important element in the agreement is believed to be that the defence budget—which had already been sharply pruned before this exercise—will suffer considerably less than Mr. Healey had originally aimed at—with cuts of some £150m., against the original target of £450m.

The cuts go right across the board, and include many of Labour's traditional sacred cows, such as social security, education, health and housing.

Such concessions as have been possible to Labour priorities lie in the way Mr. Anthony Crosland, Minister for the Environment, is believed to have won his battle to put the emphasis on cuts in road building programmes.

Where the axe does fall in the housing programme, it hits rent subsidies and the rate support grant in preference to the house-building programme.

The projected cuts fall mainly in the years 1977-78 onwards, the emphasis for 1976-77 having been on keeping programmes within the bounds of last January's White Paper projections, as amended by the £900m. reductions for that year announced in this year's Budget.

The £3bn. figure is the target reduction from existing programmes to be achieved, at an annual rate, by 1978-79. In addition, a more realistic figure than in the past has been agreed for the Government's "contingency reserve."

Although the White Paper will not be published until the new year, it is conceivable that the Government will want to reveal the broad outlines of the expenditure cuts next week in an attempt to boost confidence when the package of hire-purchas relaxations and import controls is announced.

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LOMBARD

# When too few run too much

BY C. GORDON TETHER

WHEN Lord Goodman suggested earlier this week that one of the most decisive arguments against the creation of further State industries was the impossibility of finding people to run them, he spotlighted a question that is right at the heart of the so-called British "leadership crisis." For is it really the case that this country is bereft of talent of the kind required to fill top posts in industry and other fields or is it only that the great bulk of the potential is never really tapped?

When ownership of industrial concerns passes from private enterprise to the State, the great bulk of the people running them stay at their posts. The need for finding replacements is, therefore, confined to the top brass. So if there were going to be a problem in finding people to run the additional State industries which the Government is contemplating bringing into being as part of its economic regeneration crusade, it would concern only the filling of a few dozen high-level posts.

## Advantages

Now there may be any number of reasons for contending that the Government is doing the wrong thing in enlarging the public sector stake in industrial activity. But is it seriously suggested that there are so few people available to cover this extremely modest top-management requirement that this actually constitutes a decisive objection?

After all, one of the main arguments advanced for preserving our public school idiosyncrasy in spite of the divisive implications many people consider it to have is that it is more effective than any other education system in producing "quality leadership." And is it not also a fact that we have in the City—or so it is continually claimed—a training ground for business leadership of such an exceptional kind that we are at a great advantage in this sense over other countries?

It is, of course, sometimes argued that these special features of the British educational landscape tend—for reasons we need not concern ourselves with here—to militate against, rather than promote, the emergence of people with adequate leadership qualities. But if that proposition is rejected—and it is still far from being the conventional wisdom—one surely has to accept that the leadership supply problem stems, not from the shortage of suitable material, but from a failure to make full and proper use of what we have.

But how, it will be asked, does that come about? A remark with which the City Editor of the Daily Telegraph prefaced a note on Lord Goodman's allusion to the problem of finding people to run nationalised industries provides a clue to part, at least, of the answer. "There are moments," he said, "when I feel that Her Majesty's Opposition is conducted solely by Lord Goodman, solicitor extraordinary. This impression is marred," he went on, "only by the thought that much of Her Majesty's Government seems to be conducted by the same ample figure."

Why it is that Lord Goodman has come to have fingers in so many pies could doubtless provide the basis for an interesting discussion. The point I want to make in this article is that we are clearly not making adequate use of our leadership material when a small number of men are allowed, encouraged or pressurised to take over such a large part of the stage.

It is not only that their energies—if not their talents—are inevitably going to be spread very thinly when there are so many different jobs they have to attend to. There is also the point that the inevitable effect of displaying a preference for well-established figures is to inhibit the emergence and training of new leaders.

There is, in short, an urgent necessity to start casting the net much more widely when there are top jobs to be filled. One thing that would greatly help here would be a less accommodating attitude on the part of those who find themselves the current "targets" of the constant drive to enlist the leadership services of the "well-tried." And Lord Rothschild gave a valuable lead here when he turned down earlier this year an invitation to head the inquiry into industrial democracy on the grounds that he had too many other commitments.

No less essential, however, is a much more flexible approach on the part of those in Government and elsewhere who have the responsibility for recruiting top job people. Given that, there will be no difficulty in mobilising all the leadership talent we need. A situation wherein it takes months to find a new nationalised industry chairman because so few "suitable people" are willing to accept the post is patently absurd.

RACING — BY DOMINIC WIGAN

# Game Linsky is in smart form

WITH ALL three divisions of Devon and Exeter's Chudleigh Novices' Hurdle having been divided further owing to an excess of runners, there will now be ten races there to-day. The season's longest programme so far is due to begin at 11 o'clock with Div. I part one, and end at 3.30 p.m. with Div. III part three.

The best bet, in my opinion, is *Linsky*, among the runners for Div. III part one (12.00). Fred Winter's consistent bay Linacre gelding has been maintaining smart form since winning at the first time of asking at Fontwell towards the end of August.

On his most recent outing he put up a particularly game display when going down narrowly to Saintly Purchase in a division of Ascot's Punch Bowl Hurdle on November 26.

There Linsky, ridden by James Guest in the absence of John Francome, who was partnering Bula to victory at Haydock, kept on strongly under pressure to finish only two lengths adrift of the winner, with Wephen 12 lengths behind in third place.

A reproduction of that Ascot form ought to enable Linsky, who shows no sign of staleness after his long campaign, to regain winning form. I expect to see him followed home by Vespucci, a six-length winner from Skipper's Walk at Newton Abbot ten days ago, and Dubello,

**DEVON AND EXETER**
11.00—Ballpet
11.30—Iversay
12.00—Linsky***
12.30—Number Engaged
1.00—Village Thief
1.30—Water Splash
2.00—Prairie Dog*
2.30—Laurus
3.00—Skipper's Walk
3.30—Ghita**

who gave his owners, Hill House Insurance, some encouragement when third to Mac at the same meeting.

Another sound proposition from among the novice hurdlers is *Ghita*, who goes for Div. III part two of the Chudleigh Hurdle (3.30). On her only previous outing over hurdles, Guy Bach's brown Sahib filly gave a highly promising display when a good sixth behind Sporadic in a division of Sandown's Regents Hurdle on November 28. The form of that race has worked out well, and, provided that Ghita has made normal improvement, she should have few problems.

Fulke Walwyn has a fine success rate with the few challengers he sends to Devon (he had two winners from six runners here last season) and I expect him to maintain his run here to-day through *Number Engaged* and *Prairie Dog*.

The best bet from this pair could well be the veteran Prairie Dog, whom Walwyn saddles for his wife, Katherine, in the Silverton Chase (2.00).

Prairie Dog, a respectible fourth behind Clonmellon in the competitive Pond Chase at Sandown two weeks ago, where he was making his seasonal debut, is not harshly treated with 11 stone 4 lbs. and can gain an overdue success by reversing Sandown running with Spittin Image, who will not have an advantage in fitness this time.

Richard Head, whose successful Upper Lambourn establishment is running into form after a slow start to the campaign, has already saddled *Village Thief* to win on this course, and I am hopeful that his progressive five-year-old will prove up to gaining his second course success in the December Hurdle (1.00).

SALEROOM — BY ANTONY THORNCROFT

# Record price for sporting gun

A RECORD auction price of £14,700 (plus the 10 per cent. buyer's premium) for a pair of 20-bore over-and-under sidelock ejector guns made by J. Woodward in 1924 was paid by the London dealers Holland and Holland at Christie's yesterday. This beats the previous best for sporting guns of £10,500, set at the saleroom in July last year.

The guns, in excellent condition, were the feature of a successful sale which totalled £113,079. If anything, the antique arms section did better than the modern guns, but the overall percentage of lots sold was 90 per cent.

Other good prices among the usable guns were £3,360 for a pair of 12-bore ejector guns, and £2,520 for a 12-bore over-under sidelock ejector gun.

The older items caused more excitement. A Saxon wheel-lock holster pistol of the late 16th century comfortably beat its estimate at £9,975, paid by the American dealer Kelley, and two very unusual flintlock processional flare guns made by James Ermendinger went to the London dealer R. A. Lee. They carry a monogram which could be either a "C" for Charles II or a "G" for Prince George, the husband of Queen Anne.

At the Chenil Galleries on Wednesday night, Bonham's held a sale of 10th-century art which realised £23,873. Reed paid £1,200, an auction record, for a painting by Heather Bradley which was sold in aid of the Greater London Fund for the Blind.

*The Four Seasons*, a set by Cecil Kennedy, made the same price, as did a watercolour on silk by Charles Conder. A sale of European paintings at Bonham's yesterday made £29,046, with a self-portrait attributed to Aved beating its estimate at £1,650.

Sotheby's held four small sales in Bond Street, another at Belgravia, and a sixth at Chancery Lane. The highest price, £52,000, was paid by Seymour at a jewellery sale which totalled £152,622.

It secured a ruby and diamond collar, which probably belonged to Lady Walburga Paget.

A sale of 18th-century Venetian drawings and prints made £52,106, with three drawings by Tiepolo not surprisingly achieving the highest prices of £5,200, £3,100 and £2,100 respectively.

A pewter sale brought in £17,842, with a German flagon of around 1656 easily beating its forecast at £1,000. Old Master engravings managed £41,040, with a Piranesi series of plates making £1,800 and a Rembrandt £1,500.

As usual at a Chancery Lane book sale, a high percentage of items were sold—all but one of the 224 lots—and the total was £10,289. A three-volume edition of the Birds of Kenya Colony and The Uganda, by Sir Frederick Jackson, sold for £340 (£80-£100 forecast).

At Belgravia, silver and objects of vertu totalled £31,133. A Charles Boyton four-piece tea and coffee set, made in London in 1855, was bought for £880 and a Martin Hall four-piece tea set of 1866 for £700.

A sale of Continental furniture at Christie's totalled £73,578, with the London dealer Emden paying £5,460 for a 17th-century Antwerp silver mounted tortoise shell and ebony cabinet on a stand. A Dutch marquetry cabinet went to Noble for £3,150.



# TV/Radio

† Indicates programme in black and white.

## BBC 1

11.00 a.m. For Schools, Colleges. 12.25 p.m. Pobol y Cwm. 12.55 News. 1.00 Pebble Mill. 1.45 Chigley. 3.58 Regional News (except London). 4.00 Play School. 4.25 It's the Wolf. 4.35 Jackanory. 4.50 Boss Cat. 5.15 Fabulous Animals. 5.40 Magic Roundabout.

5.45 News.
6.00 Nationwide.
6.45 Sportswide.
7.05 Tom and Jerry.
7.15 The Wonderful World of Disney.
8.00 Sykes.
8.30 The Good Life.
9.00 News.
9.25 Switch.
10.15 To-night rounds off the week.
10.45 Film '75.
11.15 Weather/Regional News.
11.17 "All About Eve," starring Bette Davis.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Tredwt. 6.00-7.05 Wales To-day. 7.05-7.30 Heddiw. 7.30-8.00 Fo a Fe. 8.00-8.30 The Max Boyce Show. 10.45-11.15 India. 11.15-11.17 News of Wales.

Scotland—6.00-7.05 p.m. Reporting Scotland. 11.15-11.17 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-7.05 Scene Around Six. 10.45-11.15 Gallery. 11.15-11.17 Northern Ireland News.

England—6.00-7.05 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South-West (from Plymouth). 10.45-11.15 North (from Leeds) The Everlasting Circle; North-West (from Manchester) Country Concerns; North-East (from Newcastle) The Way It Is With Me; Midlands (from Birmingham) It's Your Affair; West (from Bristol) Frank Evans—Guitarist; South-West (from Plymouth) Peninsula; South (from Southampton) Photo Contest South '75; East (from Norwich) On Camera.

## BBC 2

11.00 a.m. Play School.
7.05 p.m. Mr. Smith's Gardening Programme.
7.30 Newsday.
7.50 Pot Black.
8.15 The Money Programme.
9.00 Poems and Pints.
9.25 The Spirit of the Age.
10.15 Trinity Tales.
11.05 Newsnight.
11.20 Closedown: Gwen Watford reads "The Sphere of Glass" by John Lehmann.

## LONDON

9.55 a.m. The Lorax. 10.20 Dusty's Trail. 10.45 Boney. 11.20 Afloat. 12.00 A Handful of Songs. 12.10 p.m. Mr. Trimble. 12.30 Look Who's Talking. 1.00 First Report: News, FT Index. 1.20 Lunch-time To-day. 1.30 Crown Court. 2.00 Good Afternoon Money-Go-Round. 2.30 Galloping Gourmet. 3.00 Theatre of Stars. 3.55 General Hospital. 4.20 Michael Bentine's Potty Time. 4.30 Magpie. 5.20 The Flintstones.

5.50 News from ITN.
6.00 To-day.
6.25 Crossroads.
7.00 Who Do You Do?
7.30 Rising Damp.
8.00 Hawaii Five-O.
9.00 Beryl's Lot.
10.00 News.
10.30 Police Five.
10.40 Russell Harty.
11.30 Police Woman.
12.20 a.m. Ideas in Print.

All ITV Regions as London except at the following times:—

## ANGLIA

2.25 p.m. Anglia News. 2.30 Friday Afternoon Film: "The Couple Takes A Wife." 5.20 University Challenge. 6.00 About Anglia. 7.00 Hogan's Heroes. 8.00 The Collaborators. 10.30 Probe. 11.00 The Friday Late Film: "Five Desperate Women." 12.25 a.m. Men Who Matter.

## ATV MIDLANDS

10.35 a.m. The Woody Woodpecker Show. 10.45 TV Movie: "Death takes a holiday." 1.20 p.m. ATV Newsdesk. 2.30 Feature Film: "The Great American Beauty Contest." 4.20 The Georgian House. 5.20 Supersonic. 6.00 ATV Today. 7.00 Don't Drink the Water. 8.00 Streets of San Francisco. 10.30 Extra Time. 11.00 Feature Film: "The Age of Consent," starring James Mason.

## BORDER

10.30 a.m. Jason King. 12.30 p.m. Police Surgeon. †1.20 Border News. †2.30 Friday Matinee: "Conquest of the Air," starring Laurence Olivier. 3.45 Cartoon Time. 5.20 University Challenge. 6.00 Border News and Lookaround. 7.00 Mr. and Mrs. 10.30 Border Forum. 11.00 Friday Film: "A Study in Terror." †12.40 a.m. Border News Summary.

## CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 2.30 The Friday Matinee: "Sierra." 5.20 Adventures in Rainbow Country. 6.00 Report at Six. 7.00 Treasure Hunt. 8.00 The Streets of San Francisco. 10.30 The Master Chefs. 10.50 Late Night Film: "Nightmare." 12.15 a.m. News and Weather in French.

## GRAMPIAN

1.20 p.m. Grampian News Headlines. †2.30 Friday Matinee: "The Ghost Train," starring Arthur Askey. 5.20 University Challenge. 6.00 Grampian Today. 7.00 Dont Drink the Water. 8.00 Barnaby Jones. 10.30 TV Movie: Banacek. 11.45 Evening Prayers.

## GRANADA

9.30 a.m. Sesame Street. 10.25 The New Adventures of Superman. 10.55 The Land. 11.05 The Woody Woodpecker Show. 11.30 Clapperboard. ...

## HTV

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.15-6.35 Report West.

## SCOTTISH

## SOUTHERN

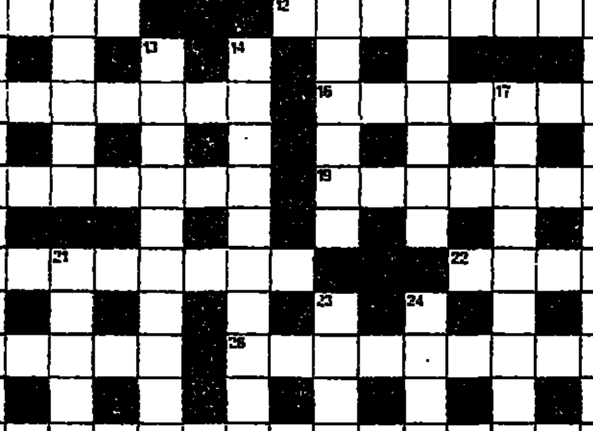
## TYNE TEES

## ULSTER

## WESTWARD

## YORKSHIRE

## F.T. CROSSWORD PUZZLE No. 2,954



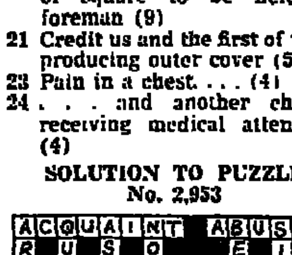
ACROSS

1 Inherit style and become all the rage (4, 4, 7)
9 Fishing from rockshelf with segment of worm (9)
10 Comprehensive yet exhausted (3, 2)
11 Takes in food (4)
12 Scare right in the marsh (8)
15 Scene of actions or operations (7)
16 Char stood up for flower (3-4)
18 Naval officer I'd alarm when changing (7)
19 Units with the Spanish force need emphatic person (7)
20 Deceived men suck cold mixture (8)
22 One who employs us to hesitate (4)
25 Taking an abnormal interest in us and leaderless jury (5)
26 Like Homer's delicious beverage or honey (9)
27 Identically at—40? (2, 3, 4, 6)

DOWN

1 Telephoned description and reproved (6, 2, 7)
2 I'd stammer badly in the middle of the course (9)
3 One article—put it before them shortly (4)
4 Dance and stumble (4)
5 Forming a representation or ornamentation (10)
6 Heads I hang to become abducted (10)
7 Entrance in plain letters (5)
8 No French intervention or political isolationism (3-12)
13 A conventional representation or a Hi-Fi enthusiast (10)
14 Fair lady in Rome but deadly poisonous (10)
17 Fault in car requiring a kind of square to be held by foreman (9)
21 Credit us and the first of those producing outer cover (5)
23 Pain in a chest. . . . (4)
24 . . . and another chest—receiving medical attention? (4)

SOLUTION TO PUZZLE No. 2,953



## RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 Rosko's Round Table. 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

## RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S), including 6.15 Contact. 7.02 Terry Wogan (S), including 8.02 Test Cricket: Australia v. West Indies (report), 8.27 Racing Bulletin, 8.45 Contact. 9.02-11.30 Harry Carpenter's Open House (S), including 10.02 Test Cricket: Australia v. West Indies (report). 10.30 Waggoners' Walk. 11.30 Jean Challis (S). 1.55 p.m. Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, including on 1500m only (also 202m Scotland) 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Sam Costa (S), including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 A Question of Fun. 7.30 Ronnie Aldrich concert (S). 8.30 As You Were (S). 9.02 Friday Night is Music Night (S). 10.02 Take Your Partners at the Radio 2 Ballroom (S). 11.02 Sports Desk (1500m only, also 202m Scotland, VHF joins Radio 1). 11.05 Len Jackson with The Late Show (1500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

## RADIO 3 — 464m, Stereo & VHF

‡ Medium Wave only.

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: C. P. E. Bach (S). 9.45 BBC Concert Orchestra (S). 10.45 Bromsgrove Festival 1974, Part 1 (S). ...

## RADIO 4

## BBC Radio London — 206m and 94.9 VHF

## London Broadcasting — 261m and 97.3 VHF

## Capital Radio — 194m and 95.8 VHF

# ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

CLUBS

**Old Vic**

# Hamlet

by B. A. YOUNG

Peter Hall has given us a pretty straightforward *Hamlet*. It is played on a bare stage, decorated oddly with a circular motive, before a plain grey wall pierced at the centre by an imposing gateway. The cast is as full of stars as an American film: starring Albert Finney, Philip Locke and Denis Quilley; also starring Robert Eddison, Susan Fleetwood and Gawn Grainger; guest stars, Angela Lansbury, Simon Ward and Roland Culver. Mr. Hall drives them through the fullest possible text as fast as they can reasonably go. With one interval, at Act 4, Scene 4, where Hamlet resolves that his thoughts be bloody or be nothing worth, the play lasts just on four hours. As in Mr. Hall's last production of *Hamlet*, there are two and a half hours to go before the break.

We start splendidly, those uneasy calls on the battlements creating an atmosphere of real trepidation. It comes as a real surprise, however, when Horatio enters to take his place on watch, for he is a grey-bearded, bespectacled old don in academic dress, by no means the man you would expect Hamlet to address as his *fellow*-student, worn in his heart of hearts. Philip Locke's performance is consistent with his appearance rather than Horatio's usual reputation; he is slow and reflective in all he does, even when, somewhat unexpectedly, he sits and dangles his legs in what is to be Ophelia's grave.

Hamlet is equally unusual. Seated on the left of the royal couple, already out of mourning and resplendent, there sits a mature man with a bushy beard and a head of untidy hair. Apart from his inky Jacobean raiment you might take him for a ghillie. As Mr. Hall told us when presenting David Warner in the part dressed as a post-graduate student of Essex University, Hamlet turns a new face to every decade. Albert Finney, once he has got out of his black, still has something of the current student pattern about it, but it is quite new. His breeches stop half-way down his calves, revealing socks rolled down over his shoes. He is perpetually untidy. When he returns from his sea voyage he is wearing something borrowed from the crew, I imagine, and he is unabashed at keeping it on for his fatal fencing match.

A mature Hamlet of this kind makes good sense. As the Gravedigger tells us, he is 30 years old: as Ophelia says, he is a soldier and a scholar, the mould of form. But Mr. Finney, though he acts the part well enough, does not speak it well at all. His verse speaking is very level and monotonous, so that the meaning of the words is often concealed. There were one or two lapses of memory, and some of the action Mr. Hall has given him is unsatisfactory. For instance, when he says "Look where my abridgement comes" he looks at solid door panels through which he can see nothing, and even has to open the door to let the players in. When Claudius kneels in his vain prayers, Hamlet comes rushing in as if he had planned the moment, only to remind himself that he is on the wrong tack.

Claudius, who is Denis Quilley, speaks this speech remarkably well. Mr. Quilley gives us a civilised, elegant King, the monarch whose first act of policy is to make friends with the Norwegians antagonised by his roughneck elder brother, after whom I take it we are to believe the younger Hamlet took. At the lines "When sorrows come, they come not single spies" he goes to his Queen to console her, folding her tenderly and not at all lecherously in his arms.

What there was about Queen Gertrude, as Angela Lansbury gives her, to tempt him to such extremes is difficult to see. She is clearly no more than a politically-contracted consort whose object in life is simply to sit on the throne; only once does she display any of the softer emotions, and this is in the closet scene. She has been on the verge of hysteria; but when she sees her son talking to the empty air (or rather the ghost of her late husband, raised through a trap) she melts into a likeable motherliness. She is not able to show a similar attitude towards poor Ophelia, but this is because the verse seems to defeat her around here, especially in the "There is a willow" speech.

Ophelia (Susan Fleetwood) is a tough girl when she is sane, rather bigger than her brother Laertes (Simon Ward in a neat beard). But after she loses her wits, Peter Hall has dressed her up as if she were straight out of the funny-farm, her hair cut short and untidy, her clothing confined to a single filthy chemise wearing ragged at the hem, and in such a guise she could not persuade me that she was a court lady who had gone out of her mind. Moreover, the new songs Harrison Birtwistle has composed for her make things worse, for they are complex enough to demand attention to the music, which in the circumstances is a mistake.

Roland Culver makes a splendid Polonius, wise and dignified, a suitable chancellor to such a king as Claudius, and he speaks the verse as well as anyone in the company bar Robert Eddison as the First Player, who should put Hamlet to shame when he does his Pyrrhus bit with such restraint after the Prince has been breaking all the rules he deems it his duty to give the actors. But although this Polonius was a bit absent-minded, he hardly seemed to merit Hamlet's description of "great baby." This is consistent, though; it matches such a phrase as "the bloat King"; it is simply an example of Hamlet's distorted view of the members of the Court, most of whom, incidentally, are old, bald and grey.

There are some lesser delights that gave me pleasure. I loved the Irish gravediggers of J. G. Devlin and Stephen Rea; Gawn Grainger gives a good if conventional Osric (and Horatio really ought to look at him when he says: "This lapwing runs away with the shell on his head," or we shall think he doesn't know what he means). Mr. Ward and Mr. Finney play a very *spirited* bout in the last scene, but I thought it odd that the "unction" killed Mr. Ward almost at once and left Mr. Finney standing up in no apparent pain until he decided to lie down and pass over. David Yelland speaks Fortinbras's final words above the Prince like a blaze of trumpets.

## LSO's new chairman

The London Symphony Orchestra has announced that the board of directors of the orchestra has unanimously elected Mr. Anthony Camden the new chairman of the board of directors, with Mr. Paul Katz as vice-chairman.

**Cinema**

# Almost a masterpiece

by NIGEL ANDREWS

**Barry Lyndon (A)**
Warner West End, ABCs Shaftesbury Avenue, Fulham Road, Bayswater

**The Streetfighter (AA)**
London Pavilion

**A Woman Under The Influence (AA)**
Curzon

William Makepeace Thackeray's first novel, the picaresque account of a young Irish fortune hunter's progress through 18th-century European society, seems an odd choice at first glance as the subject for a new film by the director of *Dr. Strangelove*, *2001*, and *A Clockwork Orange*. Though known for his chameleon range of styles as a director, Stanley Kubrick has lately been settling into a futuristic groove: finding an outlet for his peculiar brand of exotic nihilism (everything for the worst in the most picturesque of all possible worlds) in visions of weird and wonderful future societies.

But appearances in his new film are deceptive. For all its regression in time, and its seductive period trappings, there is nothing nostalgic or sweetly escapist about the story of Barry Lyndon (the Cambridge History of English Literature, which I consulted in penance for *not* having read the book, describes it as "a very able and a very unpleasant work"): and Kubrick, to his credit, makes no attempt to ingratiate himself with his audience by condensing Thackeray's epic tale of greed and mischance into readily digestible form. The film is three hours five minutes long, and it doesn't seem any shorter.

The first half takes us, without undue hurry, through the early events of our hero's life: youthful romance and an ill-fated duel in his native Ireland, conscription in the British and Prussian armies (deserting from the one, he inadvertently runs straight into the other), promotion to high places in the Prussian diplomatic service.

Here he meets Patrick Magee—as a fellow Irishman masquerading as a somewhat unlikely Austrian envoy—and it is not long before they have both fled Prussia and begun a lucrative career as gamblers. Buoyed up by his new freedom and prosperity, Barry meets and falls in love with the Countess of Lyndon (or with her fortune) and on the death of her husband marries her. It proves the brief pinnacle of his career: thereafter domestic ease brings a vitiating idleness, and his fortunes disintegrate as his enemies proliferate around him. Finally, after losing a leg in a bungled duel with his stepson, he is gently requested by his wife's advisers to leave the country and seek his fortunes elsewhere.

I can see the kind of criticisms that will rain down on Kubrick's film. It has the lacquered, expensive beauty of a TV costume serial: the gorgeous landscapes and the chic, candlelit interiors are matched by the prettiness of the players themselves — Ryan O'Neal as Barry, his golden curls and boyish face haloed by reverential back-lighting, Marisa Berenson long, pale and beautiful as Lady Lyndon, Steven Berkoff as their angelic and sweet-natured son (whose death in a riding accident is the emotional blow that finally demoralises Barry).

But the beauty of the film's surface is never more than a foil to the demonic pessimism of its story. Kubrick presents his supporting characters as so many animated mannequins prancing around the melancholy centre of the tale's hero. And the fact that O'Neal's own performance only comes to life emotionally with the death of his child pinpoints — designedly, I am sure — the moral to be drawn from the hero's life. The one thing Barry learns to love in the world is the one thing he himself has created his child. Everything else in life has merely "happened" to him —a series of exotic but sterile accidents—and like all great picaresque art Thackeray's story works by showing that human aspirations, however noble or determined at the outset, all fall victim in the end to the omnipotent laws of Chance.

Marie Kean, Philip Stone, Ryan O'Neal and Leon Vitali in 'Barry Lyndon'

I think Kubrick's film is a near masterpiece. "Near" because in the first half the film doesn't quite escape the charges of gratuitous prettiness — every landscape a Constable, every interior a Hogarth—which the film's advance publicity has seemed designed to attract. But the second half of the film has a different, obsessive quality that is all Kubrick's, and that is quite beyond the scope of the periwigged TV soap operas with which the film threatens to be compared. *Barry Lyndon* has kept us in suspense for a long time—three years in the making, $11m. in the spending—but like *2001* and *A Clockwork Orange* it shows Kubrick to be a film-maker always well worth waiting for.

*The Streetfighter* is the best film Charles Bronson has appeared in in recent memory. Not only is it a better-than-average showcase for the star's line in mean, leathery anti-heroes (Bronson is surely the only actor since Edward G. Robinson to build an entire career on menacing ugliness), but it is also a remarkable feature film debut for its director Walter Hill. Hill wrote the screenplay for Peckinpah's *The Getaway*, and his first feature film combines the same qualities of a tough, well-constructed underground revenge story with quirky characterisation and vivid, laconic dialogue.

Bronson plays an ageing down-and-out in 1930s New Orleans who decides to make money the only way he still can, with his fists. Teaming up with James Coburn as his manager, he takes on fights with other off-the-stree amateurs, and after a series of contests in impromtu locales — warehouses, wharves, etc.—he becomes recognised as the local champion. Though eager to quit while he is ahead (and while his winnings are still intact) he is inveigled into one last fight—with a heavyweight specially imported from Chicago—in order to save Coburn from the clutches of a gangster to whom he has failed to pay off borrowed money.

Making a meal of his New Orleans locations—the crumbling alleyways, the gaunt warehouses, the house-fronts with their peeling walls and wrought-iron balconies—Hill captures the look and spirit of the period without any concessions to pastiche prettiness. The film draws a grim and detailed picture of a society which only helps those who help themselves: where those not born rich can only climb to prosperity by the exercise of a lucky talent, or the crafty exploitation of that talent in others.

Comparable in mood and theme to John Huston's *Fat City*, *The Streetfighter* has the edge over the latter, to my mind, in its ability to blend social comment with the pace and immediacy of a B-picture. The story is crisp, exciting and only occasionally far-fetched (the hero's run of success is rather too good to be true), and Bronson gives the first performance I have seen from him that totally vindicates his star status. "Hey, pop, you're a little old for this, ain't you?" says one over-plucky contestant as they square up before a fight, and the knowing grin that quietly cracks across Bronson's face is written in the magic shorthand of the true star. It tells us everything with minimal means: and sure enough, the next moment his foolhardy opponent is lying spreadeagled and unconscious on the warehouse floor.

John Cassavetes' *A Woman Under the Influence* is about the emotional crack-up of a middle-aged San Francisco housewife. It comes to the Curzon Cinema festooned with plaudits from its opening American run, and it has already been seen and acclaimed at several international film festivals.

Cassavetes is a director with a distinctly on-off style. Sometimes he hits his targets—the maladies and neuroses of 20th century urban America—with devastating force. Sometimes he misses them altogether. Gunfire, furthermore, seems the aptest metaphor for his style: a sort of frenzied assault on his subject matter that always seems to depend less on design and forethought than on the inspirational ferocity of the moment.

*A Woman Under The Influence* is to my mind one of the misses. Gena Rowlands plays a construction worker's wife with three noisy children. The first part of the film details her breakdown, as husband, friends and family stand by powerless to help. The second part (six months later) shows her returning from the mental home to which she has been committed and resuming her domestic duties in slightly battier style than before.

Unfortunately Miss Rowlands' battiness is of the Oscar-winning variety: twitches and muttered asides and sing-song soliloquies, all delivered in the kind of theatrical semaphor that is hailed in some quarters as great acting. Much the best thing about the film is Peter Falk's performance as the husband—alternating impotent kindness with an apoplectic rage at the humiliation of his situation. But the rest of the performances, like the rest of the film, seem to have been thrown together by the members of a wayward, fidgety and not very talented drama school.

**Festival Hall**

# Czech Philharmonic

I last heard the Czech Philharmonic Orchestra in London three years ago at a concert which introduced, at that time with a certain chilling irony, a season of Russian music on the South Bank. They were then a good, dependable orchestra of no outstanding quality: and at Wednesday's Royal Philharmonic Society concert, under their principal conductor Vaclav Neumann, they made a similar impression—a worthy but not greatly remarkable band.

Their performance of the evening's main work, however, was plain uncomfortable. Ivan Moravec was the soloist in Brahms's B flat piano concerto: chunky, charmless playing, more stolid than solid, that sounded as if it might have been worked from first to last in little sections, musical play-cube squares, all unconnected. Neumann's reading was also oddly sectional: phrases by the bar, a diminuendo a sudden lull, a surge no more than a scattering of single notes. The andante nearly achieved a kind of pathos—and could have achieved it with more delicate pointing, subtler shading of those long melodies, divinely intertwined. The *grazioso* was a new experience: a Brahms B flat concerto finale which was genuinely (as a glance around my neighbours confirmed) soporific.

Neumann and the orchestra were more comfortably at home in the rest of their programme, all of it Czech—vigorous performances of Dvorak's happy Carnival Overture and Martinu's *Les Fresques de Piero Della Francesco*; and an enthusiastic rather loosely and imprecisely focused account of Smetana's *Vltava*.

DOMINIC GILL

Leonard Burt

Josephine Barstow (centre) in a scene from the English National Opera's new production of Strauss's 'Salome,' which opened last night at the Coliseum

# Christmas shows

The following is a list of some Christmas shows, with opening dates where advised:

Shaw: *Kidnapped at Christmas*.
Citizens, Glasgow: *Aladdin*.
Playhouse, Nottingham: *The Pig and the Junkie* (Dec. 10).
Crucible, Sheffield: *The Golden Horseshoe* (Dec. 10).
Mercury, Colchester: *Jack and the Beanstalk* (Dec. 10).
Arts: *School for Clowns* (Dec. 13).
Jeannetta Cochrane: *Beauty and the Beast* (Dec. 13).
Mermaid: *Gulliver's Travels* (Dec. 15).
Hampstead: *Mr. Batt's Variety Show* (Dec. 15).
Round House: *Grand Magic Circus* (Dec. 15).
Players: *Puss in Boots* (Dec. 16).
Queen's, Hornchurch: *Old Mother Hubbard* (Dec. 16).
Phoenix: *Winnie-the-Pooh* (Dec. 16).
Playhouse, Oxford: *Beauty and the Beast* (Dec. 17).
Birmingham Rep Studio: *Barney Joins the Fun Brigade* (Dec. 17).
Birmingham Rep: *Toad of Toad Hall* (Dec. 17).
New London: *Treasure Island* (Dec. 18).
Wembley Stadium: *Dick Whittington and his Cat* (on ice) (Dec. 18).
Swan, Worcester: *Old King Cole* (Dec. 18).
Victoria, Stoke: *The Emperor's New Clothes* (Dec. 18).
Duke of York's: *Toad of Toad Hall* (Dec. 18).
Ashcroft, Croydon: *Cinderella* (Dec. 19).
Greenwood: *Cinderella* (Dec. 22).
Adeline Genée, East Grinstead: *Dick Whittington and his Cat* (Dec. 22).
Playhouse, Harlow: *Jack and the Beanstalk* (Dec. 22).
Everyman, Cheltenham: *Babes in the Wood* (Dec. 22).
Fairfield Hall, Croydon: David Nixon (Dec. 24).
Humberside, Hull: *Cinderella* (Dec. 24).
New Vic, Bristol: *The Owl and the Pussycat Went to See*.
Arts Centre, Basildon: *The Owl and the Pussycat Went to See*.
Marlowe, Canterbury: *The Owl and the Pussycat Went to See*.
Playhouse, Leeds: *The Plotters of Cabbage Patch Corner*.
Gardner Centre, Brighton: *The Plotters of Cabbage Patch Corner*.
Lyceum, Edinburgh: *Rock Nativity*.
New End, Hampstead: *Gary Litter and the Magic Cup* (Dec. 27).
Westminster: *Follow the Star*.
Greenwich: *Camelot Pie*.

## 'A Night of London Saxophones'

The Hackney Jazz Society is presenting *A Night of London Saxophones* on Monday, December 14 at the 100 Club, Oxford Street. Playing will be the Alan Skidmore/Elton Dean Quartet, Lol Coxhill duo and Evan Parker solo.

## New date for Lagos Festival

The second World Black and African Festival, that was postponed last July by the new Government of Nigeria, has now been fixed for January 15 to February 12, 1977. The number of participants has been cut down from 25,000 to 15,000 to save costs.

## Warne Marsh in Britain

American tenor-saxophonist Varne Marsh who, because of his rare appearances in recent cars, has become almost a egendary figure in jazz, makes is London début on Thursday December 18 at the Seven Dials, helton Street, W.C.2. A memer of the famed Lennie Tristano roup of musicians in the late 940s and '50s, Marsh has rarely layed outside the U.S., and his ppearance in London has been ecured by the Jazz Centre ociety.

While in this country Marsh vill also be appearing at the 127 Club, Edinburgh (December 17), Varren Buckley Hotel, Stockport 19), Adelphi, Liverpool (20), nd the Queen's Theatre, Sittingourne (21).

Accompanying Marsh on his our will be a trio led by British assist Peter Ind, a former coleague of Marsh and also a tudent of Tristano. The group s completed by American drumner Al Levitt, another Tristano upil, and guitarist Dave Cliff.

Anthony Crickmay

Wayne Eagling, David Drew and members of the Royal Ballet in Kenneth MacMillan's new ballet 'Rituals,' which had its first performance at Covent Garden last night

# WORLD TRADE NEWS

## Europe moves to harmonise communications equipment

BY CHRISTOPHER LORENZ

A LARGE number of European telephone administrations, including the British Post Office, are to-day expected to embark on the long road to harmonisation of their services and equipment specifications.

Their anticipated decision to set up study machinery in four main areas is seen by the EEC Commission as a major step towards the removal of technical and preferential purchasing barriers for telecommunications equipment within the European Community.

The telephone administrations of the Community's nine member States are all represented in a 26-member association of European postal and telecommunications administrations (PTTs) called the CEPT, which is currently in session at Malmo, Sweden.

Mr. Christopher Layton, head of the EEC Commission's Industrial Affairs Directorate, expects the PTTs to make working arrangements for the study of four areas of potential harmonisation: future services, technical standards, operating conditions (including maintenance) and the conditions of attachment of subscribers' apparatus.

Those broad areas are some of the crucial ones where some measure of harmonisation would have to be achieved if a proposed EEC directive on the opening of public sector telecommunications markets were to be effective. Telecommunications is one of the fastest growing industrial sectors in Europe, but each national market is largely closed to manufacturers from other European countries.

The PTTs of the nine member States have come under considerable Commission pressure since early 1974 to begin the process of harmonisation, and the nine PTTs seem to have taken a leading role in the wider CEPT discussions.

One of the Commission's underlying concerns is to promote an industrial policy which would strengthen the European telecommunications equipment makers which are beginning to come under heavy competitive pressure, even on their home ground, from overseas competitors, including IBM.

The Commission's pre-occupation with answering the IBM computer challenge will be re-emphasised by April next year, the timescale now set in Brussels to produce a new four-year programme for data processing in Europe.

Speaking at the opening of the Manchester headquarters of the National Computing Centre, Mr. Layton insisted that—in spite of Siemens' "go-it-alone" decision and ICL's current financial strength—the strategic objective of bringing European computer mainframe manufacturers together "remains a necessity." In the long term, it was a question of scale and survival, he claimed.

The new four-year support policy, however, is likely to concentrate on several other questions, including the promotion of Europe's strength in minicomputers, peripheral equipment and advanced integrated circuits—"a key to the future of the entire European computing, telecommunications and electronics industry," Mr. Layton said.

Other elements may include helping users to convert from one supplier's software to another's, and the breakdown of technical barriers by establishing European hardware and software standards.

## Export-led revival the only way—Catherwood

Financial Times Reporter

THE STAGE was set for an export-led breakthrough which could reduce unemployment and bring down the trade deficit, Sir Frederick Catherwood, chairman of the British Overseas Trade Board, told an export conference yesterday at Bristol.

Sir Frederick, who is also chairman of the British Institute of Management, said any idea that Britain could really reduce the rate of unemployment on a home-induced boom "is wholly unrealistic. I think exports are the only way out."

He urged more than 100 exporters present from all over the South West to export vigorously to demonstrate that by being successful they could reasonably ask for the required resources to back the British export industry.

"I see no reason at all why we should not make the kind of breakthrough that reduces unemployment, improves the standard of living, improves the profitability for British companies and makes people realise we do live on our industry and we have to back it with our resources," he declared.

## GATT determined to speed up Tokyo Round talks in 1976

BY DAVID EGLI

GENEVA, Dec. 11.

WITH THE procedural impasse on agriculture resolved for the time being, major partners in the Tokyo Round trade talks here expressed quiet determination to get down to substantial negotiations in the New Year.

Mr. Olivier Long, director-general of the General Agreement on Tariffs and Trade, stressed at the conclusion to-day of the Trade Negotiations Committee that there should be an agreement in 1976 on tropical products. Beyond that, he also called for tangible progress on the main elements of a tariff negotiating formula, the essentials of a draft code on standards, and a concerted approach towards the liberalisation of quantitative restrictions.

Reflecting the views of the delegations at the meeting, Mr. Long also said there should be renewed efforts on customs questions, safeguards, the selection of sectors where complementary negotiations were feasible, and the elaboration of forms of preferential treatment for developing countries.

The 1977 target for completion of the negotiations, set at the summit meeting at Rambouillet, was generally accepted on condition that next year would show a major and constant effort to maintain a much faster pace in the talks than has been the case up to the present.

"We have a massive amount of work to be accomplished," commented Mr. F. Dent, the U.S. special trade representative, "which will require diligence, flexibility and versatility." Whatever the state of the world economy, Mr. Dent appeared to be confident that the Tokyo Round could be completed by 1977, but he recognised that "the greater the levels of recovery, the more will be accomplished in the talks."

The Agriculture Group will meet here next week to adopt a work programme for the next few months during which time it is hoped that it will be able to make up for the lack of progress so far.

Mr. Dent thought the procedural solution finally adopted was a "happy compromise," while Mr. T. Hijzen, the Community representative, interpretated it as "not a compromise" and merely "a singling out of a few practical points on which we can work."

He noted that the differences between the Community and the U.S.—"a question of structures"—would appear again rapidly as the Agriculture Group moved forward.

Mr. Dent produced his own nine goals for progress in the talks next year, and they varied from the chairman's summing up. They included, for instance, the development of a code of conduct to eliminate unethical practices which could lead to trade distortion. Those were identified as undue gratifications to selling agents and contributions by exporting companies to political parties, and so on—an issue which has so far not come under discussion during the Tokyo Round.

Questioned by newsmen on the possibility of Britain imposing import restrictions, Mr. Dent replied that such action by any country could lead to reprisals and the undermining of the entire international trade system.

The U.S., he added, had conveyed its views on that subject to the U.K. Government, and he hoped that a decision on such action would be communicated to Washington in advance.

## Iran machine tool contract worth £7m.

Financial Times Reporter

CINCINNATI MILACRON, the Birmingham subsidiary of Cincinnati Milacron Inc., is to supply milling machines to the Iran Industrial Development and Renovation Organisation in a £7m. deal.

The deal is in two parts. Over the next two years 180 machines will be shipped to Tabriz. Delivery will be made over land to avoid port congestion.

The second part of the deal is for a ten-year licensing arrangement to manufacture the milling machines in Iran. IDRO plans to purchase duplicates of machine tools used by Cincinnati Milacron in Birmingham—many of them made in Britain.

The order will prevent 1,000 workers being put on short-time next year. Mr. John Campbell, deputy managing director of the British group, said that the deal would help the company overcome the cyclical problems which had plagued the industry for so long.

## BAC bid to sell Greece One-Elevens

By Our Aerospace Correspondent

THE BRITISH Aircraft Corporation is trying to sell to Greece up to five short-range One-Eleven Series 500 jet airliners, worth over £20m.

It has made an offer to the Greek Government, which is now considering it in competition with similar offers from Boeing on the 737 short-range jet, and McDonnell Douglas on its DC-9 jet airliner.

A spokesman for the Greek Ministry of Coordination said that the aircraft would be used to supplement the existing fleet of the State-owned Olympic Airways.

The offers from the manufacturers are closely matched in technical terms, so that it is thought likely the deal could be decided on the basis of the credit terms offered.

BAC is said to have the edge on its rivals, because it is offering 100 per cent. financing—90 per cent. of the value of the aircraft to be paid over ten years, the rest covered by a Eurodollar loan.

### Contracts Abroad

HYLSA, the Mexican steel group, and a U.S. consortium of SWINDELL and DRESSER will build an iron ore reducing plant for Venezuela's state-owned steel producer Sidor at Ciudad Guayana, the site of Sidor's present steel complex. Total costs will be around $465m. KORE, of West Germany, will also be involved in putting together the complete package. The new plant will be an important part of Sidor's major expansion plan, now in progress, to raise annual production from 1.2m. tons to 5m. by 1978. Called Plan IV, the project will cost a total of $3.49bn., of which slightly more than half has already been spent. Sidor said bids will be sought early next year for several new production lines

## Indo-Kuwait talks on oil and petrochemicals

BY K. K. SHARMA

NEW DELHI, Dec. 11.

TALKS ON Indo-Kuwait co-operation, particularly in oil, began here to-day between Abdel Muttalab Al Kazemi, Kuwaiti Minister for Oil, and Mr. K. D. Malaviya, India's Minister for Petroleum and Chemicals.

The Kuwait delegation includes Ahmed Al Mutan, chairman of the National Petroleum Oil Company, and Habid Al Sagar, deputy chairman of the Petrochemical Industries Companies. This indicates that there will be detailed discussions on various aspects of co-operation in petroleum and the petrochemical industries.

Talks are also scheduled with the Indian Oil Corporation and Hindustan Petroleum Corporation (formerly Esso) later in Bombay.

Kuwait was once a supplier of fuel and diesel oil to India and this trade may be resumed. Talks on the supply of Kuwaiti crude to India are also expected.

### Romania

India and Romania have signed a five-year trade agreement which will come into force on January 1. It envisages a total turnover of Rupees 1.24bn. (£68.65m.) in trade both ways during 1976—a 10 per cent. increase over this year's level, which is estimated at Rupees 1.13bn. (£62.56m.)

A further expansion and diversification of two-way trade is expected to raise the total volume to Rupees 2bn. (£110.7m.) by 1980.

The agreement maintains the payment pattern in non-convertible Rupees and replaces the annual trade pact basis under which trade relations have been conducted so far. The deal covers iron ore, machine tools, pig iron and jute goods to be exported to Romania and oil drilling equipment, fertilisers, ships, chemicals and drugs to be imported by India.

### Sudan link

President Nimeri of Sudan has indicated that he wants large scale collaboration with India for the economic development of his country. This emerged from talks with the visiting Indian president, Fakhruddin Ali Ahmed, in Khartoum.

Arab countries have agreed to invest $3.5bn. in Sudan over the next ten years on agriculture and agro-based industries. Mr. Nimeri is reported to be anxious that the resulting projects should be executed by experts from countries with agricultural conditions comparable to those of Sudan. He has therefore sought India's assistance.

Sudan is reported to have 200m. acres of cultivable land—the third largest after Australia and Canada—lying idle, and Sudan apparently feels India has the "know how" for co-operation in agricultural development.

India has a large surplus balance of trade with Sudan. The gap is being closed by the import of 50,000 bales of cotton, despite the bumper cotton crop that this country has had this year. Sudan has said she has no other commodity to supply to India.

## 'No EEC offer to Yugoslavia of trade deal'

By Reginald Dale, Common Market Correspondent

BRUSSELS, Dec. 11.

EEC OFFICIALS to-day vigorously denied reports from Belgrade that the Brussels Commission has proposed a free trade agreement between Yugoslavia and the Community.

Yugoslavia could have negotiated free trade arrangements with the EEC under the Community's Mediterranean policy, but had chosen not to do so for political reasons, the officials pointed out.

Any move to extend the commercial scope of the present non-preferential Yugoslav-EEC trade pact could only come from Belgrade, and not from Brussels, they added.

## IN BRIEF

### Czech trade rules

Czechoslovakia has published foreign trade regulations that enable foreign companies to establish business representation in the country for the first time since 1948. The regulations will come into operation on January 1. Foreign companies will be able to obtain special permits from the Foreign Trade Ministry, usually for one year, but renewable.

### Nigeria CV plants

Nigeria is to-day signing three separate agreements with British Leyland, Fiat of Italy and Daimler Benz of Germany for the assembly of commercial vehicles. Nigeria already has two car assembly plants in partnership with Peugeot, France, and Volkswagen, West Germany.





# AMERICAN NEWS

## Ford faces conflict with Congress on tax cuts

BY DAVID BELL

WASHINGTON, Dec. 11.

A MAJOR test of strength between Congress and President Ford is now in prospect over the issue of extending the current income tax cuts for at least another six months.

The Democratic-controlled Congress is seeking to extend the tax cut, worth net some $16.1bn. in a full year, for at least six months and the Democrats claim that to end the cut now might seriously damage the nation's economic recovery.

But President Ford has insisted all along that he will veto the Bill unless Congress agrees to a reduction in Federal spending by the amount of the tax cut and to placing a ceiling on the 1977 federal budget. In so insisting he is very mindful of the challenge from the Republican right, led by Mr. Ronald Reagan who has repeatedly charged that Federal spending is out of control.

Congress, however, appears to be equally determined to override any veto the President may impose and both Senate and House majority leaders claim to have enough votes to strike down the veto if it is used.

This puts Mr. Ford in a dilemma. The end of the tax cuts this month would mean very unwelcome higher tax bills for the average taxpayer just at the start of an election year. Such extra bills would scarcely enhance Mr. Ford's flagging popularity. According to the latest Gallup Poll only 41 per cent. of the people approved of his handling of the Presidency, the lowest level since May.

But in overriding the veto the Democrats will leave themselves open to the charge that they are free spending and reckless at a time when Federal spending shows signs of being out of control. However a number of Republicans in both the Senate and the House seem prepared to vote with the Democrats and if they do that will make it much less easy for Mr. Ronald Reagan to levy this charge against the Democrats alone.

Mr. Ford is seeking a Federal spending ceiling of some $395bn. in 1977 which would allow for an increase of $20bn. over this year's expected spending which is less than the simple automatic growth in existing government programmes would produce. The Democrats are opposing this as well, principally because the imposition of a ceiling at this stage interferes with new Congressional budget control procedures now being worked out.

## GM optimism on car sales

BY GUY DE JONQUIERES

NEW YORK, Dec. 11.

MR. THOMAS MURPHY, chairman of General Motors, forecast to-day that total new car sales in the U.S., including imports, will rise 19 per cent. to 10.25m. units next year, making 1976 the third best year on record.

The optimistic tone of GM's forecast has been broadly supported by Goodyear, the largest U.S. rubber company, which predicted separately to-day that unit sales of original equipment car tyres will rise about 18 per cent. to a total of 47m. in 1976.

Mr. Murphy's projections, contained in his year-end review of the industry, are the most specific yet issued by GM and also by some way the most optimistic published by any senior Detroit executive. Until now, GM has been saying that it expects 1976 to be "comfortably over" 10m. units.

By contrast, Ford Motor is taking a considerably more sober view of the outlook. Its executives believe that total sales next year will be closer to 9.5m. cars than to 10m., with only a gradual strengthening in the first half of the year and no sudden upsurge in the second half.

Since the middle of this year, new car sales have been running at a seasonally-adjusted annual rate of 9.3m. units, up from 8m. during the first half. But this rate was boosted significantly by a bulge in sales since September, when the new models went on sale, and this is expected to tail off during the next few weeks.

Even if Mr. Murphy's projections are met, total sales in 1976 will still fall more than 1m. units behind the all time record of 11.3m. achieved in 1973 and more than half a million below the second best year, 1972, when 10.9m. cars were sold.

Mr. Murphy said that his optimism was based on expectations that the economy would continue to recover next year and on recent indications of a slow-down in the inflation rate. In addition, he said that U.S. new cars were competitively priced and were now offering greatly improved fuel economy.

But he also warned that Detroit's outlook could be clouded if Government fuel economy standards force up the price of cars and if next year's labour contract negotiations between the industry and the United Auto Workers resulted in an inflationary wage settlement.

## Non-union workers airlifted into Post

By David Bell

WASHINGTON, Dec. 11.

HELICOPTERS last night began flying non-union printing staff into the Washington Post over the heads of the unions picketing the paper who have been on strike for the past nine weeks.

The Post said this morning that these non-union "pressmen" from out-of-town papers were only being brought in temporarily, but it repeated its determination to hire permanent non-union staff if its pressmen do not agree to the paper's latest contract offer by Sunday night. This has already been overwhelmingly rejected by the pressmen, who run the press hall.

Mr. Joe Harington, the chairman of the Post's pressmen's union branch, said that the use of helicopters proved that the Post was "sticking to its game plan" which all along had been to break the union. The pressmen were refusing to accede to the Post's management the control it has been demanding of the manning of the press hall on the grounds that the new work schedule is unfair and if implemented would be impossible to operate.

The paper says that in the past the union has manipulated overtime schedules and refused to contemplate manning reductions and that this must be ended. "We are not going to give in and give up our basic freedoms until we have an honourable contract," Mr. Harrington said.

The use of non-union pressmen was announced yesterday by Mrs. Katharine Graham, the chairman of the Post's Board, who said the paper was not anti-union and was still hoping that the pressmen would accept the contract. Extra police were on duty outside the Post to-day and the non-union printers will be sleeping inside the building for the moment to avoid a confrontation with the Post's regular pressmen. They, for their part, have begun picketing local advertisers urging them not to take space in a "strike-breaking" newspaper.

The Post has started talks with the eight other unions on strike who have yet to settle new contracts and have been on strike to a great extent in sympathy with the pressmen. It remains to be seen whether this policy of divide and rule will work in the light of the decision to bring in non-union labour. The paper's journalists have so far remained at work, but there is pressure from some of them to join the strike because of the use of non-union printing staff.

### NEW YORK LOANS

WASHINGTON, Dec. 11.

A CONGRESSIONAL committee meets to-day to agree on final details of legislation to give New York City loans to prevent its default. City and State officials have said the nation's largest city would default to-day unless federal aid was forthcoming.

Reuter

## Caricom in protest over French Guiana

By Canute James

BASSETERRE, St. Kitts, Dec. 11.

THE CARIBBEAN Community and Common Market (Caricom) is to protest to the French Government and the UN Committee on Decolonisation over plans by France to move 40,000 settlers to the territory of Carenne (French Guiana).

A three-day meeting here of Heads of Government of the 12-nation community was informed by Guyana and Jamaica of the French plans, and after a review of the situation decided to protest at what they saw as attempts to recolonise the territory. A resolution on the Cayenne situation was put to the conference by Jamaica, the only Caricom country with an embassy in Paris.

## Bid opening for Pacific offshore oil, gas leases

LOS ANGELES, Dec. 11.

AFTER YEARS of preliminary work and months of intensive effort, bids were due to be opened to-day in the most controversial and potentially the highest-priced sale of offshore oil and gas leases in U.S. history.

Up for grabs are about 1.3m. acres of Federal leases off the coast of Southern California. Despite generally depressed profits for petroleum companies this year, the bidding is expected to be spirited. According to one internal and unpublicised Government estimate, the high, or winning, bids for the 235 tracts range from as much as $2bn. to $3bn.

The previous mark for total high bids was $2.09bn. in March, 1974, for tracts off the coast of Louisiana. The sale is being conducted by the Pacific outer continental shelf office of the Bureau of Land Management, and Mr. William Grant, the manager of the office, says that the area under bid has great potential.

"We are never sure until the last minute, but there has been a lot of interest shown by a substantial number of oil companies," Mr. Grant said. The lease sale will be the first for offshore California since the sale of leases in the Santa Barbara channel in 1968. A year later, the major oil spill there gave impetus to the environmental movement and a spate of lawsuits seeking to halt all offshore drilling. Just last Friday a Federal judge in Washington refused to block to-day's sale.

AP-DJ

PROSPECTS OF A COUP AGAINST SRA. PERON

## The reluctant generals

BY ROBERT LINDLEY, BUENOS AIRES CORRESPONDENT

ARGENTINES who matter are talking quite openly about the possibility of a coup against President María Estela Perón who has proved unable to eradicate the weaknesses of her regime or to deal with the militant challenges to it.

At the end of a disastrous year Argentina is suffering the greatest inflation (about 290 cent. in January-November) and possibly the worst corruption in its history, as well as a war against the guerillas which is being stepped up by the day, workers' councils in factories, assassinations and kidnappings, rising social indiscipline and anarchy in Government, frustrated youth, what is being called "total moral decline," and, as a result, discredit abroad.

Brig.-Gen. Rodolfo Mujica, director of the National War School, told the new staff officers this week that "God and the armed forces are remembered only in moments of crisis, and once the crisis is over. God is forgotten and the armed forces criticised." Yet Gen. Mujica added that the armed forces, "knowing the risks, have no alternative but to act with absolute decision."

What was uppermost in Gen. Mujica's mind, it would seem, was the Peronists' shrill condemnation of the military dictatorship which handed power to them in May 1973. At that time the services took a vow never again to seize power in Argentina as they did the last time in 1966. Gen. Mujica's words this week raise questions about how much longer that vow will be kept.

This week also, Sr. Alvaro Alsogaray, one of the civilian architects of the so-called Argentine Revolution in 1966 which toppled an elected government during a period infinitely more stable than the present one, said that the time was not yet critical enough for the armed forces to go back on their 1973 promise. The armed forces, he said, "have drawn their own conclusions from their experiences, and it is apparent that they do not intend to repeat them. They have paid for their sins, and they do not seem inclined to interfere in the process again."

Sr. Alsogaray did not leave it at that. "We are living in a moment when a crisis, which has been gestating for over 30 years, is breaking out, and doubts do arise. . . . An iron dilemma faces the military commanders: they must fight to defend the constitution and the institutions, but these institutions, perverted and degraded, are of no help, in their present condition, for winning the war (against the guerillas). Yet nothing can be done to restore them, unless the military intervene politically."

**SR. JOSE Lopez Rega, the eminence grise of President Maria Estela Peron until he fled Argentina in July, has been ordered by Federal Judge Alfredo Nocetti Fasolino to appear before him at 2.30 p.m. on December 29.**

**Judge Nocetti Fasolino is investigating corruption in the Social Welfare Ministry and charges Sr. Lopez Rega with being involved. Sr. Lopez Rega became Social Welfare Minister when the Peronists took over constitutional power in May, 1973, and after President Juan Peron's death on July 1, 1974, quickly became the new strongman.**

**As a result of Judge Nocetti Fasolino's investigations, the two who succeeded Sr. Lopez Rega as Social Welfare Minister are accused of malfeasance.**

What does Sr. Alsogaray, former Economy Minister and the first ambassador to the U.S. following the Argentine Revolution think the armed forces should do? "They must know how to wait until the very last moment, up to the point when the very survival of the Republic is in the balance, before intervening again in political problems. If this moment comes—and let us pray to God that it does not—they must act with maximum decisiveness and energy. Their obligations under the constitution demand it."

Sr. Alsogaray made these declarations in an article written for the anti-Perónist Buenos Aires daily La Prensa, his usual outlet. La Prensa refused to publish it, possibly because in it there is the charge that leaders of Opposition parties—most notably the Radical Party, Argentina's second political force—share the responsibility with Perónism for the present debacle. This is a reference to the acquiescence of political leaders, the Radicals, Sr. Ricardo Balbín among them, in the Perónist policies during the early period of the present administration. The Buenos Aires English-language daily, the Herald, finally ran Sr. Alsogaray's article in full.

Given the Argentines' penchant for reading, and writing, between the lines, and given Sr. Alsogaray's history of serving military as well as constitutional governments, it is not surprising that there should be speculation that what he really means is that the moment for the armed forces to "act with maximum decisiveness and energy" has already arrived. But there still are at least four other alternatives. What may be the least likely is that President Maria Estela Peron will close Congress and govern with strong military backing as President Juan Maria Bordaberry of Uruguay has been doing for more than two years. That alternative ignores the anti-Perónism of most officers as it does their manifest new reluctance, so far anyway, to become involved in government.

Hardly more likely apparently, in the present mood of Argentina and in view of the increasing fragmentation of the Perónist party, is the possibility that Sra. Peron will complete her term, scheduled to end on May 25, 1977, as the head of what the Perónists like to call their "mass democracy." Her indecisiveness and frequent faltering persist in spite of repeated assurances to the contrary by Perónist spokesmen. This week Sr. Jose Báez, Number Three on the Justicialist (Perónist) Party's national council, denied a recent statement by Gen. (Ret.) Alcides López Aufranc, maintaining that there is a power vacuum and that the President should be "intelligent and of good physique," by saying that Sra. Peron is both. As for good physique, Sr. Báez said that "one does not have to be Samson to govern."

Two other alternatives to a coup are that Sra. Perón either would go on a prolonged leave of absence or resign outright. Presidential leave of absence would mean that Senate chairman, Sr. Italo Luder, would take over the Presidency on an interim basis, as he did for more than a month during September and October while Sra. Perón was away on a rest cure. Should she resign, Congress would meet in joint session to elect a new President, to complete Sra. Perón's term, choosing from among its own members and provincial governors. There are indications that the Interior Minister Sr. Angel Robledo was convinced in mid-November that Sra. Perón was about to ask for a leave of absence at the very least. If she indeed had decided to do so, obviously she was talked out of it by her "little circle" headed by her "technical and private" secretary, Sr. Julio González. Sr. González is a hold-over from the "family" which guided Sra. Perón after the death of her husband, President Juan Perón, in July last year. After becoming the new strongman, the chief of the family, Sra. Perón's *Eminence Grise*, José López Rega was obliged to leave Argentina in July this year.

It might be that the disappearance from the scene of Sra. Perón will no longer resolve the Argentine dilemma. When the radical leader Sr. Balbín said three weeks ago that "we do not know what is going to happen in a week or two weeks," he was not exaggerating as shown by the new willingness of Argentine officers to go on record about the possibility of a coup d'etat.

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OVERSEAS NEWS

# U.S. diplomatic effort to end the fighting in Angola

BY DAVID BELL

WASHINGTON, Dec. 11.

THE UNITED States, which is increasingly concerned about the deepening Soviet involvement in Angola is engaged in a major diplomatic effort to try to bring a halt to the fighting.

Informed sources disclosed to-day that President Ford discussed Angola with Mr. Anatloy Dobrynin, the Soviet ambassador, at a specially convened meeting yesterday afternoon. These talks followed the Ambassador's meeting with Dr. Henry Kissinger the day before and are an indication of how seriously the administration is taking the Angola issue.

Although there is no official word on how the talks went, it is understood that the President made very clear the Government's concern about the level of Soviet aid to the MPLA and about the presence of some 4,000 Cuban troops according to the Latest U.S. intelligence estimates. At the same time both Mr. Ford and Dr. Kissinger reiterated their view that the United States is treating Soviet involvement in Angola very seriously and urged the Soviet Union to throw its weight behind a negotiated settlement which would lead to a coalition of all three political factions in Angola.

Meanwhile, the Administration is being reticent about its contacts with South Africa. At his Press conference on Tuesday Dr. Kissinger said that the U.S. has not "initiated" any talks with South Africa about supplying arms through Pretoria to Unita or the FNLA. But State Department officials decline to comment when asked if the South Africans may have raised the issue with the U.S. They say that any comment on that is up to Pretoria.

The U.S. has already revealed that it has been "assisting" a number of neighbouring countries over Angola, excluding South Africa. But the Administration categorically refuses to reveal which countries are involved or what kind of help they may have received. Last night Rep. Otis Pike, Chairman of the House Intelligence Committee, called on the Administration to be much more open about its policies in Angola and there have been reports of a CIA airlift of arms and ammunition in the past two weeks.

American concern, which has intensified following recent reports of MPLA successes, springs from the fact that the Soviet Union's aid to the Marxist group has clearly gone well beyond the level of "normal" Russian aid to liberation groups. There is no agreement here about Soviet aims or motives, but the Administration is leaning towards the view that the Soviet Union is both testing U.S. will and attempting to gain a valuable and strategic foothold in a rich country which could have a key role in any future conflict in southern Africa.

Intelligence sources believe meanwhile that the Chinese have now largely stopped their aid to the FNLA and there is now much discussion within the Administration about what to do should the diplomatic initiative fail. Dr. Kissinger has made it clear that "extra-continental" powers should keep out of Africa, but it is by no means certain that the U.S. will stick to this policy in the face of rapid MPLA advances.

● In Lusaka, Unita leader, Dr. Jonas Savimbi, accused the Soviet Union to-day of using Cuban mercenaries as "cannon fodder" in the Angolan civil war. Dr. Savimbi said that he was ready to take captured Cuban and Katangese mercenaries to the planned summit meeting of the Organisation of African Unity and if necessary to the United Nations, to expose the Soviet role in Angola.

● Nigeria decided to back the MPLA after it learnt that South Africa was helping its rivals, a Nigerian Government Minister was reported as saying in Kampala to-day. Health Minister Colonel Dan Suleiman, arrived yesterday with a message for President Idi Amin from Nigerian Head of State Brigadier Murtala Muhammed.

# Karami peace bid fails again

By Ihsan Hijazi

BEIRUT, Dec. 11.

DESPITE the ceasefire that the Government announced yesterday, the see-saw street war continued to-day, 20 people were killed and another 40 wounded, and Prime Minister Rashid Karami received another blow to his peace efforts when left-wingers boycotted a meeting of the Co-ordination Committee.

A confrontation between President Sulleman Franjieh and Lebanese left-wingers has markedly heightened political tensions and contributed to the intensified fighting. The President, addressing a Cabinet meeting yesterday, equated the left to Zionism, and charged that both were "fellow travellers" allegedly plotting against the system and way of life of this country.

Leftist groups, led by Socialist leader Kamal Jumblat, have countered by saying the President's remarks were "extremely serious" and accused him of siding with the Christian Rightist elements

Matching words with deeds, these groups yesterday boycotted a meeting by the committee under Dr. Karami, who announced later that yet another ceasefire was to go into effect by midnight. But the fighting intensified instead of dying down.

Very few Beirutis were able to sleep as the city echoed with the sound of explosions. There were as many as ten explosions every minute. The fighting lost in intensity by morning, but Leftist sources indicated they will not stop fighting until they fulfilled their objective of evicting the rightist Phalangist militiamen from the hotel districts and the commercial centre in downtown Beirut.

A combined force of the Leftists was now in virtual control of the hotel districts. They have hoisted their flags on top of the hotel buildings. The Phalangists remained entrenched in the Holiday Inn, which is surrounded by Leftist and Moslem militiamen. "We will take the hotel tonight," one militiaman told reporters to-day.

MOROCCO AND THE ALGERIANS

# A royal gamble

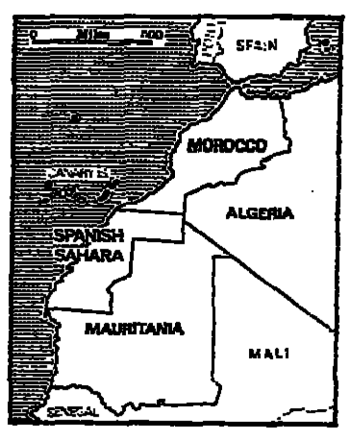
BY A SPECIAL CORRESPONDENT

"SHOULD the Algerian Government decide to make war on us," Morocco's King Hassan said at a Press conference on November 25, "I should not really be surprised." Three days earlier, in an interview with the French Communist Party paper L'Humanite, President Boumedienne of Algeria pointed out: "There are two states that still have no confirmed frontiers: Morocco and Israel." The Moroccan regime, he claimed, carried within it the seeds of its own destruction.

However strongly the Marxist M. Boumedienne may believe in the historical inevitability of the collapse of the "feudal Moroccan system," he is not averse to helping it along with a good shove. That is an even stronger motive for his support of independence for the Spanish Sahara than is Algeria's desire for a friendly outlet to the Atlantic Ocean through the territory, or any disinterested opposition to Moroccan imperialism.

The Algerians did their best to put some spine into the Spaniards during last month's sham confrontation between Madrid and Morocco over the Sahara colony and its immense store of phosphates, but they had already fatally undermined Spain's position there themselves. The 70,000 Saharans are kin to the Moroccans and Mauritanians north and south of them along the coast, but the Algerians found a massive response to their Leftist independence party, Frente Polisario, within the colony. It did so well because the prospect of becoming a tiny, phosphate-rich independent state—a kind of Kuwait built on dust—seduced the mass of the population away from all other loyalties. The Spanish-backed party which Madrid had hoped would keep the colony firmly linked to it economically after independence had collapsed ignominiously last spring. Thereafter, one by one, almost all the traditional dignitaries on whom Spain depended made their peace with Morocco in the hope of retaining their positions.

The Spaniards had effectively given up hope of their device succeeding by this autumn. There would have been even less resistance by Madrid to the Moroccan takeover bid than there was, had Prince (now King) Juan Carlos not needed to prove his patriotism and zeal at a time when, because General Franco was not yet dead, he was unable to make any domestic gestures.




RABAT, Dec. 11.

**MOROCCAN troops to-day occupied El Aiun, capital of Spanish Sahara, and Moroccan delegates in the city proclaimed the territory's definitive unification with Morocco.**

**Algeria condemned the Moroccan army arrival in El Aiun as an "aggression" and "invasion." Algeria stepped up its nationwide campaign against Morocco's takeover and barred Moroccans from entering Algeria at some frontier check-points. Representatives of the Algerian-supported Polisario Front which demands independence for Spanish Sahara, told reporters their guerilla forces would fight on against the Moroccans.**

Together with a Mauritanian colleague, he will supervise the departure of the Spaniards by February 28, the charade of consultation with the population, and the partition of the territory between Morocco and Mauritania (with the phosphates going to the former). But the fact is that the Spaniards cannot hand over all of the territory, because they have already lost control of most of it. In concentrating to confront Hassan's 350,000 marchers, the Spanish Foreign Legion withdrew from the entire interior of the huge, empty colony, which is two-thirds as big as Morocco itself. The Polisario's military wing immediately sent its guerrillas into the vacated areas from its Algerian bases on the eastern border. There have been reports of serious clashes with Moroccan troops.

King Hassan seems confident that he can win a guerilla war against Polisario, on the grounds that in the desert the military advantage is in his favour. His confidence is probably justified. Lawrence of Arabia notwithstanding, the coverless desert is not good guerilla terrain, especially since the advent of aircraft and helicopters. The Moroccans are quite ruthless enough to poison all the wells on which movement by either nomads or guerillas depends.

Indeed, the one piece of serious damage of which Polisario is capable—to put out of action the world's longest conveyor belt, which carries the phosphate from the Bu Craa mines to the sea—might even suit the Moroccans. Morocco dominates the world phosphates market, and does not want to control the huge deposits and production facilities in neighbouring Sahara in order to increase output. World production, at current price levels, is already well in excess of demand.

Rabat wants rather to prevent over supply (mainly from the rapidly expanding Bu Craa production) from under-cutting the fivefold price increase it succeeded in imposing on the market in 1973-74. Morocco would not be sorry if Bu Craa stopped producing phosphates for some time.

In the probable event that Polisario's guerilla war gets nowhere against Morocco, Algeria will have to decide whether it is prepared to intervene directly. It has already stated in deliberately ominous terms that it entirely rejects the scarcely disguised hand-over that the Spanish have agreed with the Moroccans, and it has shown itself willing to fight Morocco once before in the same area, a decade ago.

King Hassan views the prospect of war with Algeria with a calm which is hard to explain. If the Algerians were obliging enough to confine all fighting to the extreme south of both countries, in and near the Saharan territory, the somewhat better Moroccan communications into the area might even the odds. If the Algerians were to do the militarily obvious thing and fight where it best suits them, however, further north along the common frontier, Morocco would be lucky to escape a beating so serious as to endanger King Hassan's throne. The Moroccan armed forces are in bad shape. They are almost exactly the same numerical strength as Algeria's but the latter spends half as much again on defence and gets more for its money. Algeria has more than twice as many tanks, armoured personnel carriers, and guns as Morocco, plus FROG-4 surface-to-surface missiles. Its navy is much larger and more modern, and its air force, with 186 combat aircraft, mostly of high performance, is incomparably superior to Morocco's four dozen planes.

How does King Hassan think he is going to cope? His public answer is that the Algerian Government should remember that "wars are fought not only with armies but with people." He may not have a satisfactory private answer at all, for the signs are that his policy on the Sahara has been attuned mainly to increasing his domestic popularity, to shoring up phosphate prices, and to satisfying his army's yearnings for the "recovery" of the colonial territory.

# Rhodesia talks agenda agreed

BY TONY HAWKINS

SALISBURY, Dec. 11.

THE agenda for next Monday's plenary session of Rhodesian constitutional talks was agreed at an 80-minute meeting between the Smith and Nkomo delegates here to-day. The meeting was the fifth between the Nkomo-led African National Council and a Rhodesian Government team headed by Prime Minister Ian Smith and including four Cabinet Ministers.

The ANC had its full 12-man talks team plus five lawyers, including three White lawyers from Zambia, Tanzania and Britain, three Zambian Government representatives and four Zambian stenographers.

Mr. Smith was flanked by Agriculture Minister David Smith (tipped to become Deputy Prime Minister in the Cabinet reshuffle expected soon); Mr. Jack Mussett, Minister of Internal Affairs; Mr. Pieter Van Der Byl, Minister of Defence and Foreign Affairs; and Mr. Reg Cowper, Minister of the Public Service. Mr. Jack Gaylard, Secretary to the Cabinet, and Mr. George Smith (legal adviser) also attended the 80-minute meeting.

After the meeting, Mr. Nkomo said it had gone "quite well" and said that the fact that the two sides will meet again on Monday was "a hopeful sign." Mr. Smith told newsmen as he left his office later that the agenda had been agreed and that "serious talks" would start on Monday.

It is understood that at Monday's plenary session the two sides will put forward their suggested solutions to the ten-year constitutional dispute. There is some surprise at the suggestion that the Rhodesian Government has a kind of "pro forma" constitution to put forward and it will come as no surprise to discover next Monday that Mr. Smith is only talking in very generalised and non-specific terms.

ANC sources insisted to-night that the constitutional plan that they will table on Monday is essentially the same as the one prepared for the Victoria Falls constitutional conference on August 25.

The ANC plan according to informed sources provides for a one-man-one-vote constitution. The sources accept that this will be rejected by Mr. Smith and that this will then be the starting place for tough bargaining. The sources implied that the Nkomo ANC will accept a "qualitative franchise" but only one that provides for a substantial majority of black voters and a majority of blacks in parliament.

In other words, a qualitative franchise is only acceptable to the Nkomo ANC so long as it provides for immediate majority rule.

It is possible that there will be a second plenary session before Christmas and the talks will then be adjourned until after the New Year. To-night, the signs were that Monday will be a critical day, especially if, as some ANC sources seem to think, Mr. Smith does come forward with some concrete suggestions.

# Sadat 'very pleased' by arms talks with Giscard

BY OUR OWN CORRESPONDENT

CAIRO, Dec. 11.

SUBSTANTIVE talks on Franco-Egyptian cooperation and the possibility of increasing French arms supplies to Egypt opened here to-day between Egypt's President Anwar Sadat and French President Valery Giscard d'Estaing. In the presence of large delegations from both sides.

The French President, who arrived here yesterday on the first visit to Egypt by a French head of state, has expressed his country's interest "in the existence of a peaceful, prosperous and strong Egypt" which, he said, was an indispensable factor of stability in a region of the world whose fate is essential to world peace.

President Sadat emerged beaming after a two-hour session of talks with his French guest to-day and said he was "very pleased" with the outcome of this first round of discussions. Further talks on French technological assistance in rebuilding Egypt's war-shattered economy and developing an armaments industry here will be resumed on Sunday at a restricted meeting between the two Presidents and a very small number of political and military advisers.

According to well-informed sources here an $8bn. project for the construction of jet aircraft and missile plants in Egypt will rank high on the list of topics to be discussed on Sunday. Egypt's air force is reported to be seeking a new combat aircraft to match the U.S. F-15 aircraft supplied to Israel.

The French President has already declared his country's willingness to supply Egypt's air force with Mirage jets and other sophisticated weapons provided such deliveries would not jeopardise the chances of a peaceful Middle East settlement. According to well informed sources, French engineers are already in Egypt to draw up blueprints for the projected armaments industry.

# Portuguese ships to Timor

DARWIN, Dec. 11.

PORTUGAL is sending two warships to patrol off East Timor, a Portuguese military officer said here in Australia to-day.

But Major Antonio Barrento, chief of staff of the former colonial administration in the territory, said they would not take military action against pro-Indonesian forces that took over the capital, Dili, last week-end. "It would be an action without meaning," he said.

Major Barrento, who arrived here yesterday on the corvette Afonso Cerqueira, said it and another corvette which left Lisbon to-day would patrol in the "geographical area" of East Timor. Their length of stay would depend on the result of talks in the UN Security Council and on the military situation in the area.

"All we ask now is that the people of Timor can still say the last word on self-determination. As it is now, beyond our control, we have asked for UN help," he said.

Major Barrento said that Portugal still claimed sovereignty over East Timor, but added "our presence is symbolic. A Portuguese pretence remains at Atauro and Ocussi but, with the act of force on Sunday, we realise it would be easy to dispense with the Portuguese presence."

But an Indonesian official in Jakarta said that the Indonesian flag has been raised over the small Portuguese enclave of Ocussi inside Indonesian Timor while other pro-Jakarta elements have reported new gains in Portuguese Timor.

The official said that local people in Ocussi were expected to hold a referendum before officially becoming a part of Indonesia.

Reuter

## IN BRIEF

### Swearing in

NEW ZEALAND'S new national government, headed by Mr. Robert Muldoon, will be sworn in to-day. His party swept into office 12 days ago at the general election with a 23 seat majority over the Labour opposition in the single chamber parliament. Mr. Muldoon has said that he will take the Finance Ministry portfolio himself.

### Nazareth

THE ISRAELI Interior Minister Joseph Burg said yesterday that he hopes relations between the new Communist municipal council in Nazareth and his and other Israeli ministries will be productive. He promised that Nazareth will get all the services to which it is entitled. Whether Rakeah, the Israeli Communist party becomes the dominant element in Arab politics inside Israel will be tested at next month's local elections at Kafar Kana, one of the largest Arab centres in the Nazareth area.

# Thailand recognises new Laos regime

BY RICHARD NATIONS

BANGKOK, Dec. 11.

THE THAI ambassador to Laos who was recalled three weeks ago from Vientiane in the midst of the Thai-Lao Conflict along the Mekong River returned to the Laotian capital yesterday with a note from the Thai Government recognising the new People's Democratic Republic of Laos and reaffirming Thailand's desire for friendly relations with its northern neighbour.

Diplomatic observers here see the Thai gesture as another attempt on the part of Prime Minister Kukrit Pramoj to ease out of the diplomatic deadlock which followed when Pathet Lao forces fired on a Thai river patrol boat they claimed intruded into Lao waters last month, an incident which rapidly escalated into a large scale military confrontation between the two countries.

Tensions along the border have eased considerably after the Laotians sent a note on November 26 stating that the Thais could retrieve their boat stranded on an island sandbar which they nonetheless did not recognise as the territory the Thais claimed as theirs. The boat was retrieved and Prime Minister Kukrit subsequently toured the area adjoining the battle zone which had been the scene of ugly riots against the Vietnamese refugees who had been in Thailand since the 1950s, whom the right wing vocational students claimed acted as agents of North Vietnam.

Although the border zone is now calm, the political damage to Kukrit's policy of detente with Thailand's Communist neighbours appears to be deep. The right wing have taken full advantage of the patrol boat incident to give Thai patriotism yet another anti-Communist twist. All political parties now, even the Liberal Democrats, are forced to accept a state of military preparedness along the Lao border as a necessity, something the anti-military political factions resisted in the past months. None of the troops mobilised during the incident have been sent back to the barracks. And Loas' continued rejection of Thai offers for talks—regardless of Lao efforts to ease tensions by allowing the boat to be removed—has put pressure on Kukrit from the Right to keep the border closed until the Pathet Lao come around to negotiate.

● Thailand opened trade with the Khmer Rouge regime in Cambodia to-day with a ceremonial shipment of 750 tons of salt across the border, the foreign ministry reported. AP-DJ

EUROPEAN NEWS

# Brussels agrees to talks on minimum steel prices

BY DAVID CURRY

BRUSSELS, Dec. 11.

THE BRUSSELS Commission has accepted that there is a strong case for the imposition of minimum steel prices on EEC producers. It is to begin consultations with the European Coal and Steel Community (ECSC) advisory committee, which groups producers, unions, merchants and consumers, and with member governments, possibly leading to the setting of minimum prices by the end of January.

However, the Commission has been careful not to commit itself, and has made it clear that price-fixing will not automatically follow the consultations.

This is an important qualification in the light of recent evidence of some hardening of steel prices in the EEC, especially in Germany which has always argued most strongly against intervention in the market.

To-morrow the ECSC advisory committee will be told of the Commission's decision, and serious talks will begin in January, to be followed by discussions with the Council of Ministers at which the Commission will gauge the strength of any political consensus for or against minimum prices. Both bodies are likely to be divided on the issue, with the merchants and consumers, as well as some producers, being hostile to the idea in the ECSC committee and the Germans, restating their strong disapproval in Council.

Once these consultations are completed the Commission, which has the power to decide for or against minimum prices on its own initiative, will again examine the situation in the market, and only if there are quite clearly no signs of further improvement will it begin the same series of consultations to work out the actual level of minimum prices.

Although the Commission is clearly still playing for time, those producers who have demanded intervention will see the move as at least a nudge in the right direction.

The minimum price consultations will supplement the talks being held within the OECD on bringing order to world steel trading — the approach the Commission has chosen rather than resort to politically compromising import controls.

It is confident that the EFTA producers will respect EEC price levels, while Japanese companies have been asked by their Government to limit shipments to the EEC. Discussions with Spain are regarded as promising, leaving the main problem area the Eastern bloc producers. Here the Commission argues that with the exception of Denmark the main strain is being felt by countries which still have quotas on Eastern European steel imports — Benelux, Germany and Italy.

The decision to explore minimum prices came after the Commission had examined forecasts for the industry for the early part of next year, which showed that the situation remained bad despite signs of a hardening of prices and some pick-up in orders. Consequently, the Commission is urging companies not to expand production.

# France to join Nato committee

By Malcolm Rutherford

BRUSSELS, Dec. 11.

FRANCE to-day took another step towards closer co-operation with Nato by agreeing to participate in a new ad hoc committee, grouping all 15 members of the Alliance, on the inter-operability of military equipment. The move is in addition to French interest in the creation of a new European programme group on arms production and procurement, which initially at least would be independent of Nato.

The ad hoc committee, which Nato foreign ministers agreed unanimously to establish this morning, will have a limited life span—probably only six months until the next Nato Ministerial meeting in Oslo next spring. Its task will be to draw up a specific programme of action to correct the most pressing inter-operability problems.

Mr. James Callaghan, the British Foreign Secretary, expressing some puzzlement at the term, told the meeting this morning that he hoped the pursuit of inter-operability would not be allowed to get in the way of the real target, which was standardisation of equipment. However to the French standardisation means common production and procurement, and this requires further discussions.

These discussions will take place outside the Nato context in the new Independent Programme Group, now known as the IPG, which will include the French and all other European members of the alliance who wish to attend. The first meeting could take place in London at the level of junior Ministers next month.

# Soviet Union 'has bought enough grain'

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

THE SOVIET Union has completed its foreign grain purchases to make up for the shortfall on this year's harvest, which has been one of the most difficult "for 100 years." This was stated at a London Press conference last night by Mr. Nikolai Patolichev, the Soviet Foreign Trade Minister, who is on a four-day visit to Britain.

Mr. Patolichev refused to say what the final harvest figure was. Experts were still working on it, he said, and it would be announced "soon." His remarks were the first public high-level Soviet comment on the harvest and its aftermath since officials hinted during last week's Supreme Soviet budget session that it might be as low as 137m. tons, more than 70m. tons below target.

According to Mr. Patolichev "all problems created by the harvest have been solved. The supply of grain for human consumption and feeding cattle this winter has been assured. Our purchases are completed.

"This year's harvest has been affected by the most difficult weather conditions for 100 years."

The Soviet Union is believed to have bought some 21m. tons of grain on world markets since June, but was expected to purchase more as the true extent of the harvest disaster emerged.

If the Russians think, as Mr. Patolichev seemed to indicate, that they can get by with these purchases, the harvest may not be quite as low as 137m. tons. It is calculated the country needs 180m. tons to feed itself.

Mr. Patolichev added that a top economic priority now was increasing mineral fertilisers, and he indicated that his mission was connected with the quest for Western technology and supplies in this field.

Earlier he had signed a protocol with Mr. Peter Shore, the Secretary of State for Trade, which singled out areas for co-operation clearly connected with improving agriculture. These were fertilisers, plant protection chemicals, and equipment for the food industry.

But Mr. Patolichev indicated that harvest problems would not affect Soviet desires to trade with the West, despite the drain on resources placed by grain purchases. Russia's trade with the West would grow "significantly faster" than its trade with the rest of Comecon next year, he said. The rate of expansion would be well over the 13.5 per cent. average growth target.

Other high Soviet priorities, he said, were the chemical and energy industries. Output of Soviet oil should rise from 495m. tons this year to 640m. tons in 1980.

He had talked with British energy companies about joint off-shore exploration in the Arctic, he said. But there was no urgency because rich yields were still being obtained from existing oil and gas fields, especially in western Siberia.

● U.S. Treasury Secretary William Simon told the Senate Commerce Committee in Washington that U.S.-Soviet trade this year will reach a record \$2bn. with 70 per cent. of U.S. shipment representing grain.

Simon said that although most U.S. exports to the Soviet Union and other Eastern European countries are now farm products the greatest growth potential in the longer term represented manufactured goods exports. Such non-farm exports to the Soviet Union totalled \$300m. and are likely to more than double to \$700m. this year.

AP-DJ

High U.S. stocks Page 28

# A time for political doubts

BY MOIRA CUNYNGHAME, MOSCOW CORRESPONDENT

THE REVELATION that the Soviet grain harvest this year was even more disastrous than thought and that the planned economic growth for next year has been cut as a result immediately caused speculation about the actual state of the economy and the future of the present leadership. Moscow thrives on rumours but Western speculation is more often than not based on Western reasoning which can be very different from that of Soviet officials. Russian speculation can be as far off the mark. A Russian may not know, for example, that Mr. Brezhnev has been ill, or that over 20m. tons of grain has had to be purchased from abroad.

Mr. Brezhnev's speech to the Central Committee last week was not published in full and one does not know how the ruling circles really view the state of the economy. Nor do we know how widely Mr. Brezhnev's handling of the economy is supported by his colleagues. Rumours of his imminent departure are not now believed by the majority of observers who expect him to stay on well into the next five year plan period always provided illness does not force him out earlier.

Mr. Brezhnev will be 69 this month, Mr. Kosygin, the Prime Minister is 71, and President Podgorny 72. They have now been in power longer than Mr. Krushchev and everyone is waiting for a change. But when it comes it will probably do so without advance notice.

Experienced observers say they expect a few changes at the Party Congress in February, but nothing shattering. A few of the older faces may go, possibly even Mr. Kosygin who would then probably, rightly or wrongly, be considered to have taken the blame for the economic difficulties. He could be replaced by a slightly younger man, such as Mr. Dmitry Ustinov, 67-year-old candidate member of the Politburo and specialist on defence matters, or Mr. Mikhail Solomentsev, 62, another candidate member, and leader of the Russian Federation. It is thought that a few changes at the Congress would be considered a good thing in order to give the impression of movement and to make it appear that not all changes take place at closed meetings, as has been the case during the last 10 years.

The little that was published of Mr. Brezhnev's speech to the plenum of the Central Committee suggests that it is not the setbacks of this year that are the main cause for concern, but the problem of how to transform the economy from one where wastage and inefficiency have been partly obscured by undoubted growth into one where quality, efficiency and the full use of investments and resources count most.

During the last five years 131bn. roubles were pumped into agriculture. Next year agriculture will receive more than double the investment given the light and food industries. In spite of the increasing sums being spent on agriculture, there is still a shortage of modern farm machinery, fertilisers, transport, and so on. Many officials would like to see more spent on agriculture, but the money is not available. The answer is to try to raise efficiency, to see that fertilisers are not only produced but also correctly used, that machinery does not stand idle because of a lack of spare parts, and that the right fertilisers and machinery are sent to the right places, something which has not happened in the past.

Weather conditions were certainly unfavourable this year, and look as though they will be for the winter crops, too. But they do not explain the abysmal harvest figure of about 137.2m. tons. Mr. Brezhnev and other speakers at the plenum praised farmers for their efforts and if anything other than the weather is blamed, it will probably be the Ministry of Agriculture and the other Ministries and organisations concerned. There is speculation that the Minister of Agriculture, Mr. Polyansky, may be removed, but that would be of little significance. Soviet economists say that a harvest of 180m. to 185m. tons is needed to see the country through to the next year, not including the normal export commitments to East Europe of up to 10m. tons. This means that the Soviet Union is at least 10 per cent. short of its requirements, even taking into account purchases from abroad. How much grain has been retained from last year is not known, though some is known to be in store.

In the past bad harvests have enforced the slaughter of cattle, resulting in a meat shortage the following year. Many of the speakers at the plenum, including Mr. Brezhnev, spoke of the need for farmers to find cattle feed during the winter and to refrain from slaughtering, but this is obviously easier said than done. Officials have already said privately that the Soviet Union will be seeking meat and other food imports next year, suggesting that they, at least, foresee the need to slaughter.

That would be a blow to official agricultural policy, which under Mr. Brezhnev has been to achieve a substantial increase of livestock with stable feed supplies. Bread shortages, which would caus[e] discontent, are not expected th[is] year, though there may well b[e] shortages in some places of flou[r] macaroni and other grain-base[d] products. The potato crop is sai[d] to be better than last year, whic[h] is important, as a shortage o[f] potatoes would increase the nee[d] for bread. In 1973, according t[o] Soviet officials, per capita con[-]sumption of flour-based product[s] was 145 kilograms, and [of] potatoes 124 kilograms. At th[e] same time per capita consum[p]tion of meat was 45 per cent. [of] the U.S. consumption and th[at] of fruit 40 per cent.

The poor harvest was give[n] together with delayed capit[al] investment, as the reason wh[y] growth rates next year are goi[ng] to be the lowest since the wa[r.] It is the effect of a bad harve[st] on the whole economy, not [to] mention the cost of grain impor[ts] on top of a hard currency tra[de] deficit already expected to be [at] least \$2bn. this year, that is t[he] cause for concern. Growth w[as] expected to slow down anyw[ay] now that the economy is mo[re] advanced and the emphasis is [on] quality and consolidation, but r[not] as much as announced. The o[ut]put of consumer goods [is] intended to rise by only 2.7 p[er] cent., the lowest planned incre[ase] recorded.

Mr. Brezhnev is believed [to] have made the need to impr[ove] quality and efficiency the ma[in] theme of his speech. Whether [he] had any practical suggestions [is] not known, but Soviet economi[sts] have been saying that progr[ess] will be slow unless changes [are] made in the planning system [so] that not the quantity produ[ced] but the quality and use to [the] economy become the main [cri]teria. So far there has been [no] sign that any adjustments [to] that system have been approv[ed.]

# U.K. seeks to delay lorry rules

BY OUR OWN CORRESPONDENT

BRUSSELS, Dec. 11.

BRITAIN is to apply immediately to the Brussels Commission for a delay in introducing the EEC system of lorry drivers' hours and maximum journey lengths. It is making the application under Article 135 of the accession treaty which empowers the Commission to approve such applications in the face of serious and persistent economic difficulties. This is the article the U.K. would probably invoke to justify import controls.

This follows the failure of the Council of Transport Ministers to agree to allow Britain, and Ireland a stay of execution in the introduction of an eight-hour day for lorry drivers and a maximum 450-km. journey. It will also cover the obligation to install tachographs in new vehicles to monitor drivers' observance of these rules. Under the Treaty of Accession Britain should introduce these measures on January 1.

Dr. John Gilbert, the British Transport Minister, made it clear that he regarded the resort to Article 135 as being rather far-fetched, but that he was prepared to resort to it so as not to be in breach of the treaty on January 1. The suggestion to use the article came from the Commission itself, and Mr. Carlo Scarascia Mugnozza, the Commissioner responsible for transport policy, gave more than a nod and a wink that the request would be favourably received.

The British, along with the Irish, would have preferred a simple derogation of two years to observe the EEC rules, but the Italians blocked that. A number of countries, including Italy, have made it clear that they regard a resort to 135 as little short of farcical.

Dr. Gilbert made it clear that even if the EEC managed to agree shortly on a new set of regulations being concocted by the Commission which introduced more flexibility to the hours rule and considerably extended journey distances, the U.K. would still need a two-year transitional period.

The situation remains, therefore, distinctly muddy, although it seems fairly clear that there will be no legal pursuit of the U.K. for failure to observe the accession rules, whatever the fate of the latest application.

On lorry weights and dimensions, the council made marginal progress. With the Germans now siding with the countries sticking out for a 10-tonne single-axle weight limit, the whole issue has been sent back to permanent representatives who have been instructed to take note of the council discussion—the growing strength of the 10-tonne lobby, in effect.

# Energy talks deal nearer

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, Dec. 11.

BRITAIN and its EEC partners to-day appeared to have narrowed their differences over how far the U.K. should consult the other Community countries before addressing the opening session of the Conference on International Economic Co-operation (CIEC) in Paris next week.

During a Council meeting here earlier this week, Mr. Roy Hattersley, Minister of State at the British Foreign Office, was adamant that there was no question of the British statement being submitted to the EEC for prior approval, while diplomats from other Community countries insisted that the text must be vetted by the Nine's permanent representatives in Brussels.

To-day, the U.K. told its partners that they would be given a full outline of British Foreign Secretary James Callaghan's speech on Monday, the day before the conference opens. Mr. Callaghan is to address the meeting from within the ranks of a single EEC delegation under the compromise seating arrangements agreed at the Rome summit.

However, the coordination of the four speeches to be made by the EEC delegation is now expected to be carried out by the Nine ambassadors on the spot in Paris rather than by the permanent representatives in Brussels. Apart from the U.K., the meeting is due to be addressed by the Italian president of the EEC delegation, the president of the Commission and a Luxembourg representative.

EEC officials here said they did not expect there would be any major objections to Mr. Callaghan's text provided he did not press too strongly for a minimum safeguard price for oil. It would probably be all right if he simply referred to a minimum price as one example of the kind of action the Community was considering, they said. The Foreign Secretary is expected to write his speech on the week-end.

● The EEC Commission regards Euratom's Joint Research Centre at Ispra, in Italy, as the best site for the planned £70m. Joint European Torus (JET) large-scale experimental thermonuclear fusion rig, although it has not yet tabled a formal proposal to that effect. This was made abundantly clear at a Press conference to-day by Dr. Guido Brunner, the Commissioner for Science and Research.

Dr. Bruner said he wanted at all costs to avoid a "wrangle" over the site, for which several other countries including Britain are bidding.

# Restructuring of AFM demanded

By Paul Ellman

LISBON, Dec. 11.

PORTUGAL'S military leadership was this evening confronted with a demand for the restructuring of the Armed Forces Movement (AFM), designed to make it less involved in the day-to-day governing of the country.

The new Army Chief of Staff, General Antonio Ramalho Eanes, who has emerged as a key figure as a result of the part he played in crushing the Leftist rebellion of November 25, was expected to press the Revolutionary Council of the AFM into agreeing that it was time for the military to consider a return to barracks.

Such a proposal is likely to accentuate the already discernible split on the council between the Group of Nine officers, led by Major Melo Antunes and the so-called "operational" officers whose claim to fame is their part in quelling the November 25 rebellion.

Maj. Antunes made it clear earlier this week that he considered the AFM still had a central role to play in the future development of the Portuguese revolution.

First indications were that the new majority which has emerged on the Revolutionary Council, following the purging of members allegedly identified with the events of November 25, was set to reject the Antunes line

# Niarchos fights on oil contract

By Our Own Correspondent

GREEK SHIPPING tycoon Stavros Niarchos indicated to-day he intends to seek international arbitration on a contract he signed with the Greek Government for the operation of an oil refinery outside Athens.

The Government has asked Mr. Niarchos and the owners of two other oil refineries to enter into negotiations for the revision of the terms of their contracts, which it considers run against the interests of the country. The deadline for acceptance to negotiate is December 28. If they do not accept, the Government, under a law passed recently, can revise the contracts unilaterally.

Mr. Panayotis Papaligouras, Minister of Co-ordination and Planning, described as inaccurate reports that the Government intends to seek \$180m. in compensation from Mr. Niarchos and Mr. John Latsis for failure to meet a commitment to supply crude oil at favourable prices.

# Exchange rate rules still unclear

BY ROBERT MAUTHNER

THE Franco-American compromise agreement, on co-ordinated central bank intervention to prevent "erratic" fluctuations in exchange rates, continues to baffle the monetary officials who are trying to work out rules for its application in practice.

Although deputies of the Group of Ten richest countries, who began a two-day meeting here to-day in preparation for full Ministerial discussions in Paris next week, approved the agreement in principle, they found that several points still needed clarification. Difficulties exist over the interpretation of the term "erratic," which was not properly spelled out in last month's Rambouillet agreement, as well as over the system of mutual consultation and information, without which there cannot be any co-ordinated intervention on the market.

The deputies of the Group of Ten found themselves in greater agreement on the compromise text whoich has been worked out by the French and Americans for a modification of Article 4 of the International Monetary Fund's statutes, defining the exchange rate system to be adopted by members. The French made clear even before the Rambouillet meeting that they would no longer insist on wording laying down fixed exchange rates as the general rule, and allowing floating rates only as a temporary exception.

The compromise text papers over the issue and leaves considerable room for everyone to do what he thinks best, while still specifying the need for a stable system.

The third element of the monetary reform package to be worked out in time for the IMF interim committee meeting in Jamaica next January—the problem of gold sales by the IMF—will be discussed by the deputies to-morrow.

So far, all that has been agreed is that the Fund should sell off one-sixth of its gold to finance aid to the developing world, while another one-sixth would be returned to the member countries.

Irish labour is unhappy with Governments proposals for a voluntary pay pause unless price controls are tightened

# Cold shoulder for Cosgrave

BY GILES MERRITT, DUBLIN CORRESPONDENT

SPEAKING slowly and deliberately, Mr. Liam Cosgrave, the Irish Premier, left no-one who saw his TV broadcast last night in any doubt, that 1976 is not going to be a very happy year.

But his call for a voluntary pay pause had by this morning drawn a sharp reaction from the trade unions, who fear that their members are going to be the unhappiest of all.

The issues are clear. Voluntary incomes restraint, say the unions, should be matched by a prices freeze and by further measures to ensure that the earned and unearned incomes of the professional and managerial classes are similarly pegged.

The Government has replied that to freeze prices risks strangling the economy, more bankruptcies and a damaging drop in industrial investment and expansion.

Mr. Cosgrave's coalition Government is hoping that the bleak alternatives to a voluntary pay pause speak for themselves. In a departure from tradition which was no doubt intended as a shock tactic, Mr. Ritchie Ryan, the Finance Minister has now even disclosed his gloomy balance sheet of state revenue and expenditure a full month in advance of his mid-January budget.

Unless the Government can count on incomes restraint, it says, the total state deficit for 1976 will be far above £1bn., and that figure has to be seen in the context of revenues currently estimated at £1.35bn. for next year and a budget deficit for 1975 that has already more than doubled from the £125m. originally expected to £277m. Expenditure has already been cut back, and in 1976 should be £2.335bn, rather than the scheduled £2.660bn. that would have meant a 40 per cent. rise over this year's level.

Borrowing on a massive scale has already been ruled out by Mr. Cosgrave. Already 1975 has seen Ireland's borrowing needs go from the projected £454m. to £741m., and by next year interest payments will stand at £100m. annually, or 50 per cent. more than at present. In any event, Mr. Ryan is clearly worried about the country's creditworthiness as an international borrower.

No pay pause would mean, too, that public sector pay costs will rise by 44 per cent. and along with private sector increases, the country could then, according to the OECD, expect inflation to run at 15 per cent.—an improvement on this year's 21 per cent., but not good enough.

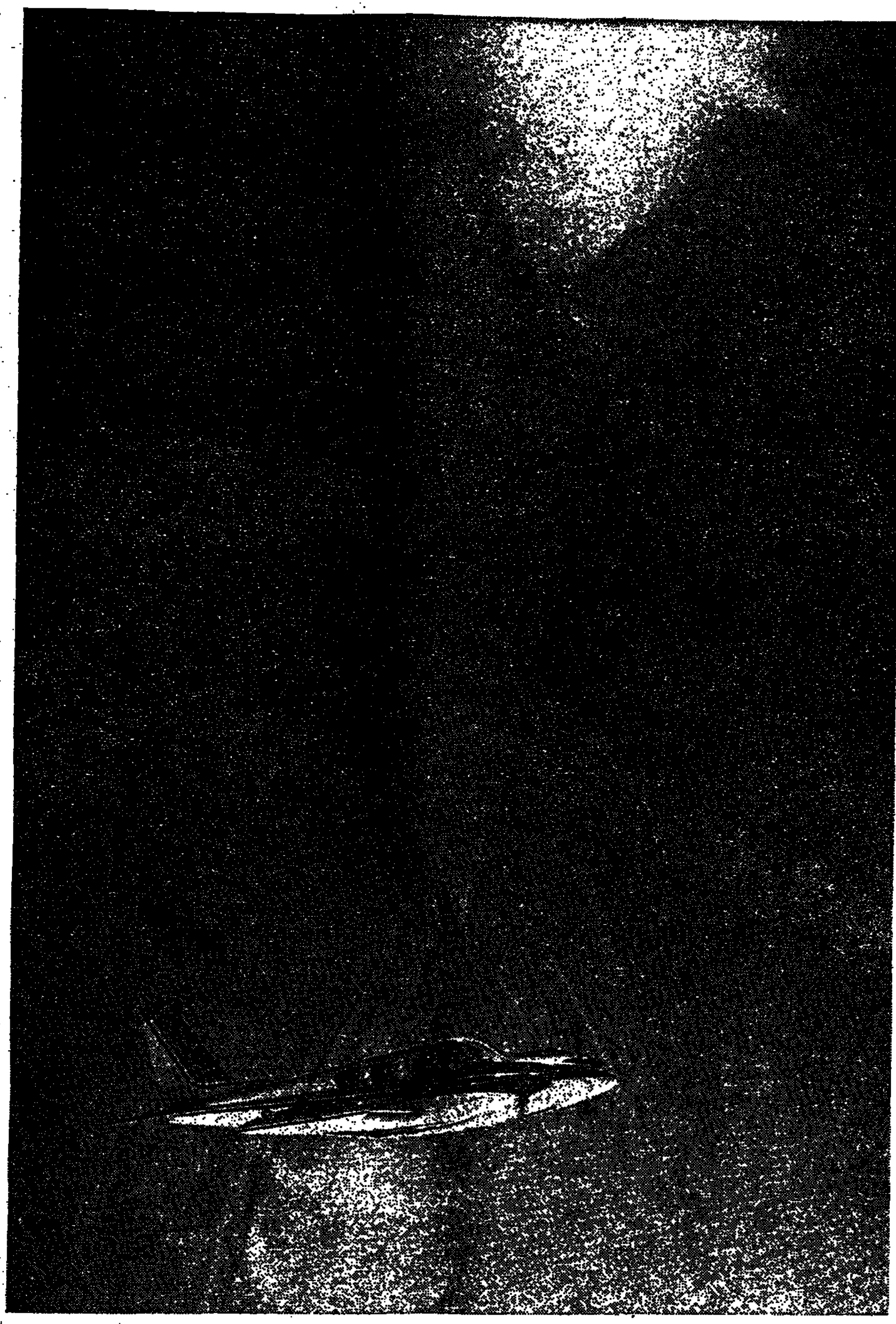
Mr. Cosgrave summed it all up last night: "If there were any further pay increases here next year over and above the National Wage Agreement, Ireland would simply cease to be competitive. People would stop buying our higher-priced goods. The fall-off in exports, which has already put thousands out of work, could become disastrous."

His reference to the National Wage Agreement was important, for even if the unions comply with a pay pause, it will be a while before the beneficial effects will be felt. During the first five months of next year, almost half a million Irish workers, or half the labour force, will still be covered by the 1975-76 National Agreement which is linked to th[e] consumer price index.

These rises will be slightly le[ss] than was feared, followi[ng] to-day's announcement that in t[he] three months ended mid-Nove[m]ber, the index rose only 2.8 p[er] cent. rather than the 4 to 5 p[er] cent. that had been expected.

Nevertheless, until the Gover[n]ment produces some assuranc[e] that all incomes will [be] restrained, the unions are certa[in] to be difficult. The Gener[al] Secretary of the Irish Congre[ss] of Trade Unions has comment[ed] that unless there is restraint [on] other incomes and more effecti[ve] price controls, his affiliate unio[ns] will probably not accept t[he] pause. In a move to satisfy t[he] unions on prices, which t[he] OECD said in a report publish[ed] yesterday should be frozen [in] combination with a pay pau[se,] the Government to-day declar[ed] that the National Prices Co[m]mission will be waiving its c[on]trols on smaller compan[ies] employing less than 50 peop[le] but will instead rigidly cont[rol] requests for price increases [from] the larger companies.

# How Gill Aviation is flying high-with help from Midland Bank Group



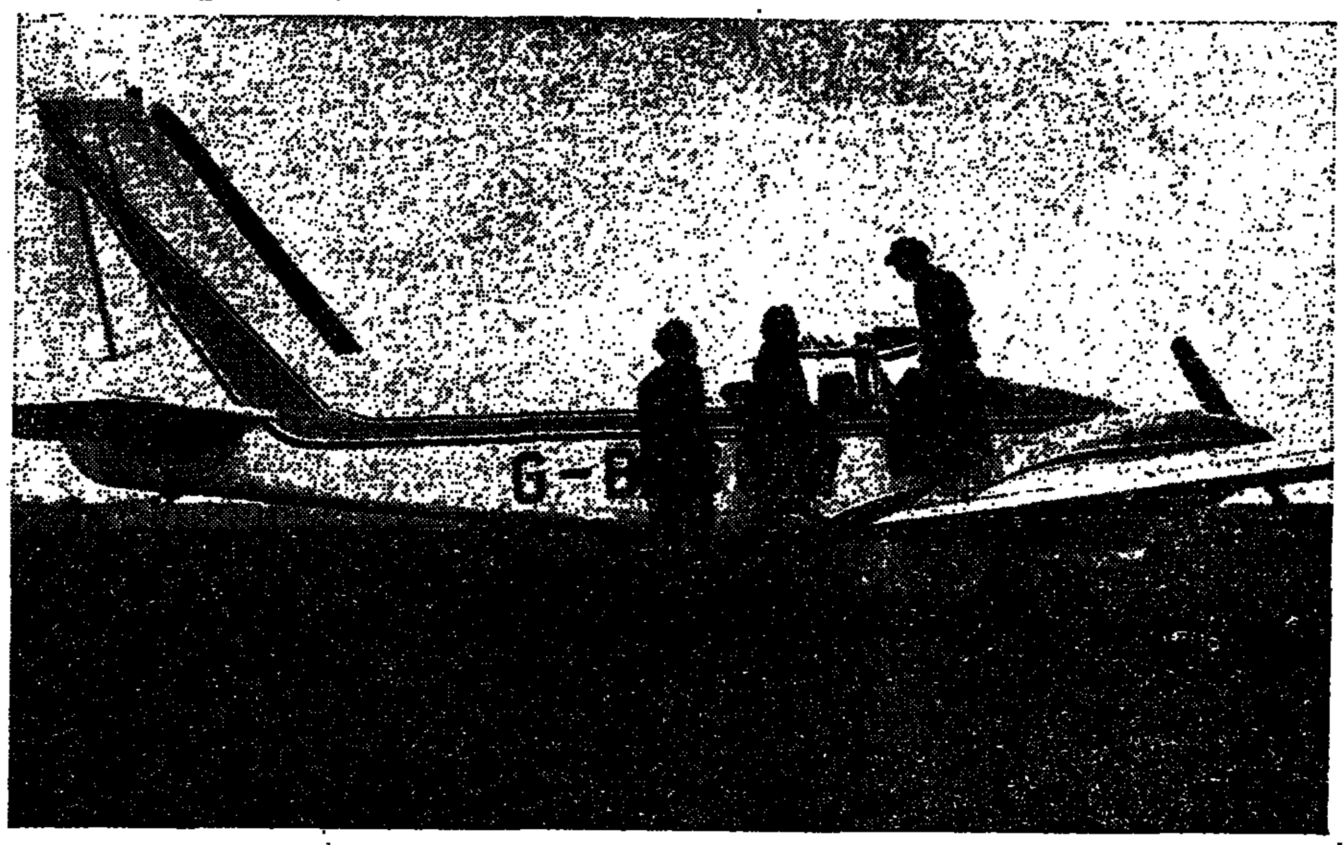
Starting from scratch eight years ago, Gill Aviation now plays a major part in the air taxi business in North-East England.

From its base at Newcastle Airport, it ferries light cargo of all descriptions to all sorts of destinations, including canaries to Portsmouth, paint samples to Zurich, and lobsters to Brussels.

It also carries passengers, and currently has an important contract ferrying personnel engaged in the North Sea oil industry.

Gill Aviation is a thriving, exciting, intensely modern enterprise in an ideal position to expand further and to profit from North Sea oil.

That it is in such a position is partly due, as Michael Gill is the first to point out, to the expertise and resources of various companies within Midland Bank Group.



*Michael Gill at the controls of a Piper Seneca.*

Michael Gill was an RAF pilot before becoming a private flying instructor. Later, in 1966, he set up Michael Gill Aviation as an aerial photography business, but changed the name in 1969 and became incorporated as Gill Aviation Limited.

"My Midland Bank branch manager helped me at every turn," he says, "and it was he who made the development of Gill Aviation possible by arranging leasing finance through Midland Montagu Leasing."

Michael Gill's company already owned a Piper Twin Comanche. With leasing finance he acquired a Piper Aztec and has recently added another Aztec. He now operates a fleet of seven aircraft, four of which are owned by other people, and he has diversified his business by becoming an accredited sales agent for new and used aircraft.

But growth has meant more than the purchase of new aircraft.

Gill Aviation has set up its own maintenance facilities and full-time engineers to man them.

It is also planning a new hangar for twelve or more executive aircraft, and new offices.

"Expanding an aviation business today involves a big capital outlay," says Michael Gill, "but with the continuing support and finance of Midland Bank Group companies, we look forward to getting to the top of the air taxi business."

Growing businesses need financial help of many kinds. Your local Midland branch can provide you with further details on the range of services available from Midland Bank Group.

**Midland Bank Group**

**Principal trading companies:** Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited, Northern Bank Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Trustee Company Limited, Midland Bank Trust Company Limited, Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited, Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Northern Bank Finance Corporation Limited, Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited, Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc., Bland Payne Australia Limited, Guyerzeller Zurmont Bank AG.

## HOME NEWS

# Transport group warns of 66% rail cuts

BY ARTHUR SMITH

BRITISH RAIL's route network will have to be cut by nearly two-thirds by the early 1980s, it was claimed yesterday by an organisation set up to defend public transport.

Mr. Sidney Weighell, general secretary of the National Union of Railwaymen, said that in private discussions the BR Board had left unions in little doubt that a combination of investment restrictions and cuts in revenue grants would have a drastic effect.

"The only logical outcome, perhaps as early as 1981, would be a network based solely on the present Inter-City and London commuter routes—that is a total mileage of under 4,200, compared with 11,000 to-day."

Mr. Weighell was speaking in London at the launching of a campaign called, Keep Public Transport—No Rail Cuts.

### Exaggerated

While BR is likely to regard the rail unions' interpretation of the situation as very exaggerated, the Department of Environment is understood to have indicated to the Board that investment should be frozen at the 1975 level in real terms over the next few years.

Mr. David Bowick, BR chief executive, commented last night that "harsh reductions" in future investment could pre-empt later policy decisions about the role of rail in the nation's transport needs.

It would certainly reduce the coverage and quality of services. "Just what the effect on the route mileage of the system would be we have not evaluated but it would be a reduction," he added.

According to the campaign, launched yesterday with the support of the rail unions and of the pressure group. Transport 2,000, investment next year and up to 1981 will be held back by the Government to £238m., at 1975 prices. This level would be only two-thirds of that planned by the Board.

The future of the railway network would be grave, the campaign organisers maintained. Mainline electrification, signalling modernisation, track renewal, and the development of the High Speed Train and the Advanced Passenger Train would all be slowed down.

Mr. Ray Buckton, general secretary of ASLEF, said that cuts of anything up to 2,000 or 3,000 miles in the rail network would provide negligible savings in the context of present financial needs. Only if the network was slashed by two-thirds would any worthwhile savings be achieved.

The campaign complained that unless the Government's decision to restrain the growth of passenger support subsidies were changed, the outlook would be grim. Fares increases were only driving passengers away from rail.

Indeed, BR is preparing a further fares and freight charge increase, likely to be implemented at the end of March.

This may pose problems for the Government which is discussing with nationalised industries how they can exercise selective price restraint. If the Prices Department urges BR to clip back its increases this will only step up the losses and make the need for economies more urgent.

The Department of the Environment maintained last night that the Government had made no decision about BR investment plans up to 1981 and any figures reported were "nothing but speculation."

Ashley Ashwood

The three union representatives on the "No Rail Cuts" campaign committee. From the left, Mr. Tom Jenkins, assistant general secretary of the Transport Salaried Staffs' Association; Mr. Ray Buckton, general secretary of the Associated Society of Locomotive Engineers and Firemen; and Mr. Sidney Weighell, general secretary of the National Union of Railwaymen. They claim massive rail cuts will result from a freezing of Government investment.

# Anger over more paper imports

BY LORNE BARLING, INDUSTRIAL STAFF

BRITISH PAPERMAKERS reacted strongly yesterday against a Government-negotiated rise in the level of tariff quotas from former EFTA countries, warning that higher imports would hit both employment and the industry.

Although imports from these countries in 1976 will increase by only 1.69 per cent. compared to this year, well below the 5 per cent. maximum provided for, some grades in short supply will be imported in greater volume.

The U.K. industry, which has suffered a severely depressed market for many months and sees little hope of immediate improvement, will now press for a complete revision of the EEC quota agreements.

The British Paper and Board Industry Federation said yesterday it would seek an early meeting with Mr. Peter Shore, Secretary for Trade.

The principal countries granted quota increases are: Sweden 1.8 per cent.; Finland 1.69 per cent.; Austria 1.43 per cent. and Norway 1.35 per cent. However, certain grades may be imported at a higher level, though still below 5 per cent. maximum.

The federation said yesterday it was alarmed at the increase, which would allow extra duty-free imports into the country at an extremely difficult time for the industry. It believed the "unwarranted concessions" were made because of the Government's undue recognition of users' views.

This perhaps refers to recent pressure from the British Printing Industries Federation for higher quotas, because of alleged difficulties in obtaining certain grades of paper which they claimed the U.K. industry could not supply.

The federation said: "What the Government has failed to realise is the cumulative effect on the industry, the output of which in 1974 enabled the U.K. to reduce its balance of payments deficit by £837m."

It added that home produced alternatives to some imported grades would not be used, with the resulting erosion of the share of the market held by domestic producers.

It was highly undesirable for the packaging, printing and publishing industries to rely too heavily on imports, owing to the danger of overseas competition.

# EMI boost production capacity for Scanner

By David Fishlock, Science Editor

EMI IS to expand production capacity for the EMI-Scanner, its powerful new X-ray equipment, by a third, it was announced yesterday.

Most of the expansion will be in the U.K. where EMI is leasing a 98,000 square foot factory at Radlett, Hertfordshire.

In the U.S. it will be extending its present site at Northbrook, Illinois, by another 20,000 square feet and it has already announced plans to build a 50,000 square feet advanced development laboratory in the U.S., mainly for medical engineering developments.

The EMI-Scanner is a particularly space-consuming piece of equipment to manufacture, Dr. John Powell, managing director of EMI said last night. It is a big machine and lead radiation screens are necessary around each piece of equipment on the assembly line.

The number of people engaged on the EMI-Scanner project has already reached about 2,600.

Sales of the brain-scanning version stand at 360, worth £60m., of which 240 have already been delivered. Another 40 of the more advanced brain-and-body scanner, worth £70m., have been ordered this year.

Dr. Powell says market forecasts for the brain scanner made in 1972 and for the body scanner made in March this year are "holding pretty close."

The company is expected to announce further orders shortly, after the demonstration of its latest equipment at a radiologist's convention in Chicago last week. The convention established that EMI has a clear lead for the present, although it also served warning of impending competition from more than a dozen other companies—U.S. General Electric, Siemens, Philips and Varian among them.

# U.K., Norway sign pact on running Frigg gas field

BY RHYS DAVID

BRITAIN AND NORWAY signed an agreement yesterday in Oslo on dividing and jointly developing the Frigg gas field. It was the first agreement of its kind covering an offshore gas field.

The agreement will provide the legal and administrative framework for operations in the gas field, covering jurisdiction, inspection, taxation, production and transmission, and will make possible delivery of both British and Norwegian gas from Frigg to *St. Fergus, Scotland, in 1977.*

The Frigg field, one of the largest offshore ones in the world, straddles the U.K.-Norwegian Continental Shelf boundary, 120 miles east of Shetland. Gas was discovered in the Norwegian sector in 1970, and in the U.K. sector in 1972.

### Phillips output

Also in the Norwegian sector, Phillips Petroleum has announced that it expects its Ekofisk Platform A back in action by February 1. The platform was taken out of commission after an explosion on November 1, apparently caused by a rupture in a corroded pipeline.

The company revealed that production from the field is ave[raging] 235,000 barrels a day. [In] November it averaged 230,3[...] barrels. Since the pipeli[ne] rupture production has continu[ed] from an average of 16 well[s] three of which are at Platfor[m] C and the rest on Platform B.

The field was the first dev[e]loped commercially in the Nor[th] Sea, coming on stream in Augu[st] 1971. The oil has come asho[re] by pipeline to a terminal [at] Teesside since October 15, a[nd] *was previously loaded direct in[to]* tankers offshore from singl[e] point mooring buoys.

● The Department of Ener[gy] yesterday released the fir[st] "Save It" campaign film, sho[w]ing ways in which nine co[m]panies put energy saving in[to] practice. The 30-minute colo[ur] film is aimed specifically at tho[se] responsible for making decisio[ns] in companies.

The Department also publish[ed] a booklet, *Energy Saving: t[he] Fuel Industries and Some Lar[ge] Firms,* containing papers sho[w]ing what the nationalised fu[el] industries, three oil compani[es,] the British Steel Corporation a[nd] ICI are doing to save energy.

# Reed finance director to join Ferranti Board

BY CHRISTOPHER LORENZ

THE FERRANTI Board is to be given even more financial expertise than expected. In addition to the first appointment of a finance director—now scheduled for early next year—Mr. Wilfred Broad, deputy chairman and finance director of Reed International, is to join the Board in a non-executive capacity.

Broad is one of two non-executive directors to be nominated to the company by the National Enterprise Board, whose chairman, Lord Ryder, vacated the top seat at Reed a year ago.

The NEB is to be the custodian of the Government's 50 per cent. stake in Ferranti's voting equity.

The second nominee is M[r.] Gavin Boyd, senior partner of [a] firm of solicitors in Glasgo[w,] chairman of Stenhouse Holding[s] and Reed Shaw Osler [of] Toronto (which is unconnecte[d] with Reed International) a[nd] also a director of the Hunterst[on] Development Company.

A month ago, after a le[ngthy] period of uncertainty, the join[t] NEB-Ferranti search for a ne[w] managing director for the co[m]pany ended with the announce[ment] that Mr. Derek Alun-Jone[s] was to move over this mont[h] from Burmah Oil Trading's i[n]dustrial division.

Appointments, Page 10




# Equity bank scheme 'merits consideration'

BY MICHAEL BLANDEN

THE PROPOSED new £500m. institutional "equity bank" and other methods of increasing industrial investment should not be rejected out of hand, Mr. J. O. Blair-Cunynghame says in his annual statement as chairman of the National and Commercial Banking Group.

He emphasises, however, the need for clear thinking if efforts to encourage new investment are to operate on other than purely commercial judgments.

"It may well be acceptable that, in our present circumstances, other than commercial criteria should be used, but it is essential not to fudge or evade the issue by generalisation or silence.

"It is dangerously misleading to do so and contrary to the values and principles upon which our society is based."

His comments come against the background of the continuing argument over the proposals to set up a new channel for the institutional investment in industry, with signs of growing opposition among institutional investors, particularly in Scotland.

They follow the view expressed by Mr. Denis Healey, Chancellor of the Exchequer, that there is room for the banks to provide more medium-term finance for industry and to become more closely involved with managements.

As a Scottish banker, Mr. Blair-Cunynghame argues that in the present "extremely serious situation" in the U.K., it would seem sensible not to reject the "equity bank" and similar "largely untried proposals" out of hand, but to co-operate with them.

Commenting on the need for "restarting the self-generating mechanism of investment," he underlines the need for profitability in industry.

If the new bodies are to work on commercial criteria, "then the investment must earn a reward that would attract funds anyway from a highly developed capital market and one which is not, moreover, currently short of loanable funds."

# Concorde may be kept out of U.S. until 1977

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CONCORDE MAY not be flying into the U.S. before 1977, even if it is given clearance early next year by the U.S. Government, because of possible litigation there against the aircraft.

Mr. Gordon Davidson, director of Concorde for British Airways, said in Bahrain yesterday—where Concorde starts passenger services on January 21—that he believed the U.S. Government would clear Concorde in the forthcoming public hearing on January 5 and the subsequent 30-day review period.

"But that does not mean that we are home and dry," he added. "If the U.S. decision is favourable, then the environmentalists will take us to Court, and they may well take Mr. Coleman (Secretary for Transportation) to Court, and Court cases in the U.S. can go on for a very long time.

"So my guess is that we would not be in the U.S. before the end of next year—but I may be pessimistic."

Concorde has been unde[r] attack from the environme[n]talists, particularly on th[e] basis of its take-off noise.

Mr. Coleman has made it clea[r] that he will base his own recom[]mendation to the U.S. Gover[n]ment on Concorde landing righ[ts] on all the factors involved, i[n]cluding the U.S. responsibiliti[es] under treaty obligations to t[he] U.K. and France, and [on] economic as well as enviro[n]mental grounds.

Many close to the Concor[de] programme in the U.K. a[nd] France believe that Mr. Dav[id]son is being realistic in [his] assessment of the situation.

It is recognised that if Co[n]corde is approved, the envir[on]mentalists will take the mat[ter] to court, while if Concorde [is] rejected, the U.K. and Fren[ch] Governments may well deci[de] to do the same.

# State naval shipbuilding 'would hit exports'

BY JOHN WYLES, SHIPPING CORRESPONDENT

BRITAIN'S three leading naval shipbuilding companies warned yesterday that their prospects of capturing up to £1,400m. of new export orders might be affected by the Government's plans to nationalise shipbuilding.

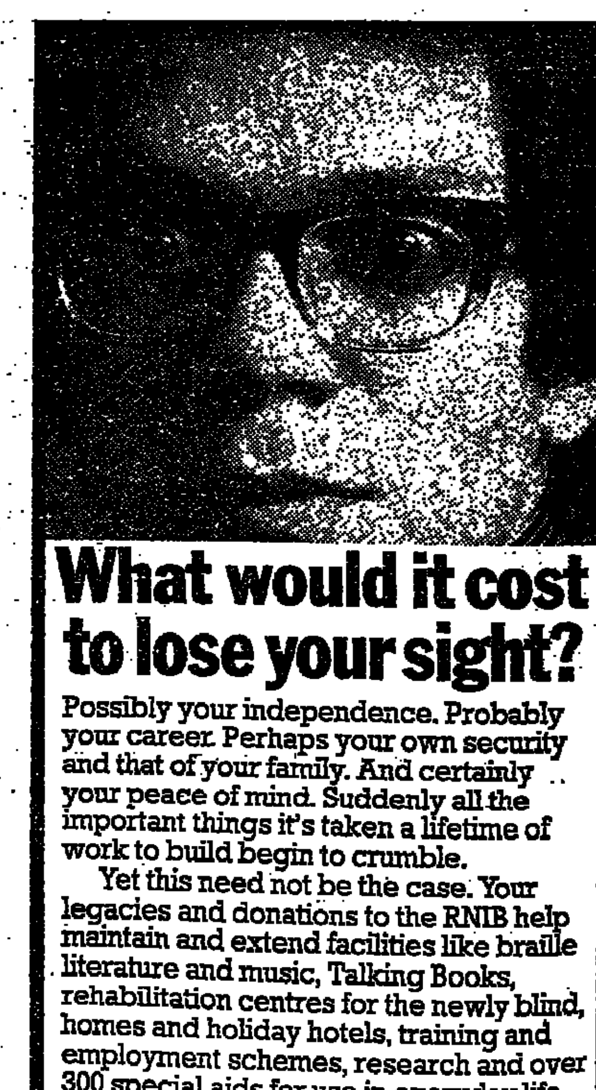
The warning came at the launch of a campaign for exclusion of Yarrow Shipbuilders and Vosper Thorneycroft from the nationalisation Bill, which started its Committee Stage in the Commons yesterday.

Supported by Vickers of Barrow-in-Furness the two companies are calling for special treatment.

In a special document circulated to MPs the two companies claim they are a "specialist" industry whose prosperity would be best preserved by the Government taking an equity stake along the lines of its involvement in British Petroleum.

Sir Eric Yarrow, chairman of Yarrow's; Sir David Brown, chairman of Vosper's parent company David Brown Holdings; and Sir Leonard Redshaw, chairman of Vickers Shipbuilding, all stressed that commercial relationships with foreign countries might be lost after nationalisation.

Jointly the companies are negotiating for naval contracts from abroad worth nearly £1,400m.





# NVT Small Heath plant 'may close by Christmas'

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

HOPES OF rescuing the Norton Villiers Triumph Manufacturing motor-cycle plant at Small Heath, Birmingham, which is in the hands of joint receivers and a manager, are receding. Fewer than 500 of the original 1,400 labour force are now left and redundancies are occurring at an increasingly rapid pace.

For the past two months or more, there have been discussions about various survival schemes for maintaining some production of Triumph Tridents and of continuing important sub-contract work for Massey-Ferguson Dowty and others worth around £2m. annually.

But last night Mr. Dennis Poore, chairman of NVT, and of Manganese Bronze, the parent company, believed that collapse could be complete by Christmas. "We cannot get the documents agreed," he said. "Agreement looks as far off as it did nearly three months ago, and unless a scheme can be agreed Small Heath could be shut by Christmas."

The chief scheme now under consideration is understood to be one in which the Government would be prepared to put up £250,000 if it was matched by a similar sum from the banks—which are believed to have consented.

This would enable Small Heath to continue a limited operation with about 300 workers making Tridents from stocks, together with spares needed to keep existing machines—most of them in the U.S.—on the roads. Sub-contract work would also be preserved.

If an agreed scheme can be completed in time it will be disclosed in the High Court on Monday, when a compulsory winding up petition by trade creditors is due to be heard.

# APPOINTMENTS



# COMPANY NOTICES



## APPOINTMENTS

# F. M. Russell elected B. Elliott chairman

Mr. F. M. Russell, deputy chairman and managing director, has been elected chairman of B. ELLIOTT AND CO. in succession to Mr. Jack Frye, who died on December 7. Mr. Russell will continue as managing director of the company.

★

Mr. R. F. Hunt has been appointed chairman of DOWTY GROUP. He succeeds Sir George Dowty, founder of the group, who died on December 7. Mr. Hunt joined Dowty Equipment as one of its first two apprentices in 1935. After seven years in Canada, where he became president of Dowty Equipment of Canada, he returned to England in 1956 to become a director of Dowty Group, retaining the presidency of the Canadian company. Three years later he was appointed deputy chairman, Dowty Group.

★

Mr. Alan R. Devereux, managing director of Scoteros, has been appointed vice-chairman of the Scottish Council of the CONFEDERATION OF BRITISH INDUSTRY.

★

Mr. Neville Clarke, at present programme administrative officer at the INDEPENDENT BROADCASTING AUTHORITY, has been appointed senior programme officer with special responsibility in the fields of news, current affairs, and documnetary programmes. He will take up the appointment on January 1 when Mr. David Glencross, who is at present senior programme officer, becomes head of programme services following the retirement of Mr. Joseph Weltman.

★

Mr. John G. Parkes, has been appointed a part-time member of the MERSEYSIDE AND NORTH WALES ELECTRICITY BOARD until March 31, 1977.

★

Mr. Reinhard P. Hube has been appointed vice-president of business development and credit at the London branch of MELLON BANK NA. He replaces Mr. William J. Stallkamp who is returning to Mellon Bank's headquarters in Pittsburgh, Pennsylvania.

★

Mr. P. Hamilton and Mr. D. Hughes have been appointed directors of NEWEY GOODMAN.

★

Mr. John A. Bing and Mr. Frank X. Marshik have been named vice-presidents of KELLOGG INTERNATIONAL CORPORATION, London, an affiliate of the Pullman Kellogg division of Pullman Incorporated.

★

Mrs. Betty Scott-Ashworth has been appointed director of the NATIONAL DEAF CHILDREN'S SOCIETY. She was formerly welfare secretary of the Society.

★

Mr. Reg Gupwell has been appointed chairman of A. J. GUPWELL, succeeding his brother, the late Mr. Percy Gupwell. Mr. Larry Whitticase has become managing director and Mr. Len Ainley sales director. Mr. Ray Kelly, has been made secretary of A. J. Gupwell and Gupwell Transport Contracts.

★

Mr. John Hosker has been appointed director of the NATIONAL CONSUMER COUNCIL. Mr. Hosker joined the NCC in April, having previously been head of information services at the Consumers' Association. He has been acting director since August.

★

Mr. J. A. Brindle has been appointed senior vice-preside[nt] and general manager for Gre[at] Britain and Ireland of the S[un] LIFE ASSURANCE COMPANY [OF] CANADA.

★

Mr. Michael J. E. Frye has be[en] appointed chairman of t[he] ROTAFLEX GROUP in successi[on] to his father, the late Mr. Ja[ck] Frye.

Mr. Gavin Boyd and Mr. Wilfrid Broad have be[en] appointed non-executive directo[rs] of FERRANTI. Mr. Boyd [is] senior partner in a firm [of] solicitors in Glasgow. He is al[so] chairman of Stenhouse Holdin[gs] and of Reed Shaw Osler [of] Toronto, and a director of [a] number of companies. Mr. Broa[d,] a chartered accountant, is depu[ty] chairman and finance director [of] Reed International. He is [a] member of the Boards of [the] major Reed European divisio[ns] and many of the Reed overse[as] companies.

★

Mr. D. R. Ward has be[en] appointed deputy chairman [of] Dunford Hadfields and Bro[wn] Bayley Steels. He remains fin[an]cial director of both compan[ies] and of the parent concern, DU[N]FORD AND ELLIOTT.

★

Mr. Brian Brothers has be[en] appointed managing director [of] BATTENFELD (ENGLAND) a[nd] Mr. Bernd Helkenberg has becom[e] technical director.

★

Mr. James H. Pike, assista[nt] general manager of the ROY[AL] BANK OF SCOTLAND, respo[n]sible for property, retires on D[e]cember 31. Mr. Alexander Morris will take over as sole ass[is]tant general manager (propert[y]) from that date.

★

Mr. Jeffrey Warburton has b[e]come a director of the blank[et] division of HIGHAMS, and M[r.] Jack Scott has been made a sal[es] manager of that division.

★

Mr. Garfield J. James h[as] resigned as sales director [of] FIELDING AND PLATT to ta[ke] up a senior executive appointme[nt] with the HYDRAULIC ENGINEE[R]ING COMPANY.

★

The following managers [of] ALEXANDER FINDLAY AND C[O.] have joined the Board: Mr. J. [...] Connal (erection); Mr. T. Pe[...] (contracts); and Mr. J. N. Whi[...] (technical). Sears Holdings is th[e] parent concern.

★

Mr. Brian Hodgson has bee[n] appointed managing director an[d] chief executive of CHARLE[S] CHURCHILL, a member of th[e] machine division of TUB[E] INVESTMENTS. He has bee[n] director of engineering [at] Churchill since 1970.

★

Mr. Nick Pierce has bee[n] appointed managing director an[d] Mr. Tony Gannan has becom[e] sales and marketing director [of] BOSE (U.K.).

★

Mr. H. F. Walker has bee[n] appointed a local director of th[e] York district of BARCLAY[S] BANK. Mr. T. F. Smith has bee[n] made a local director of the Leed[s] district. Mr. R. Hoyer Millar ha[s] become regional general manage[r] of the South-East region. H[e] takes up his new position o[n] January 1. Mr. Peter Gordon r[e]places Mr. Hoyer Millar as a loc[al] director of the Newcastle distri[ct].

★

Mr. W. J. Benson, who b[e]came assistant chief executi[ve] of NATIONAL WESTMINSTE[R] BANK on December 1, has be[en] appointed a director of the ba[nk].

## HOME CONTRACTS

# Leonard Fairclough's £5.5m. sewer work

LEONARD FAIRCLOUGH, Stone, Staffs., has been awarded a £5.5m. contract by the Northumbrian Water Authority for the construction of a section of the North Bank interceptor sewer, which forms part of the Tyneside sewerage scheme. Work is expected to start in January and continue for three years.

★

BRIGHTSIDE HEATING AND ENGINEERING COMPANY has received a contract worth £1.5m. for mechanical services in the new Wolverhampton civic centre. The building will be air conditioned with a high velocity variable volume terminal reheat system, with various energy saving devices. Installation of domestic hot water, boosted cold water and toilet ventilation also forms part of the contract.

★

ROBERT JENKINS OIL AND GAS has won an order to supply more than £1m. worth of oil and gas separator vessels for use on platforms in the Ninian oil field in the North Sea.

★

CONTROL DATA has been awarded a contract worth more than £750,000 over the next three years by TOPS—the British Rail freight management system. This involves the replacement of 84 IBM disk drives with Control Data plug-compatable 100 megabyte drives.

★

MIDCAST NUMERICAL CONTROL (WALES), Maesteg, has received an order worth more than £330,000 for the main frame for Marconi Space and Defence System's Clansman radio.

★

A. MONK AND CO., Warrington, has won contracts totalling more than £820,000. Work has already begun on the first, at £207,000, for the building of Watergall primary school, Bretton, Peterborough, placed by Cambridgeshire County Council. At Aycliffe, Co. Durham, the company is undertaking a £92,000 contract for British Railways, Eastern Region, as part of works to improve the alignment of the London/Edinburgh East Coast main line. This involves widening an existing embankment and provision of new drainage and culvert extension. Also on the East Coast main line, at Newark, Notts., another embankment is being widened by Monk at a cost of £28,000 to enable the layout of tracks running into the stat[ion] to be improved. Finally, at Gr[eat] Linford, Milton Keynes, work [on] reinstatement and renewal [of] roads and storage area has b[een] undertaken at the concrete p[ipe] plant of Rocla Pipes.

★

FIELDING AND PLA[TT], Gloucester, part of Redm[an] Heenan International has b[een] awarded an order for two la[rge] 1,000 tonnes power hydraulic operated presses by GKN Sank[ey] worth together about £350[...] the presses will be installed [at] Sankey's plant at Telford wh[ere] they will be used in the ma[nu]facture of road wheels for c[om]mercial vehicles.

★

PYE TELECOMMUNICATI[ONS], Cambridge, has received a [con]tract worth more than £24[...] from Strathclyde Police. Par[t of] the order is for two-[way] receiver/transmitters used [by] policemen on the beat. Also [in]cluded are base stations [and] control equipment, and [...] mounted radiotelephones for [fit]ting in cars and other m[obile] units.

## BANK RETURN

| | Wednesday Dec. 10 1975 | Inc. (+) or dec. (−) for w[eek] |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| LIABILITIES | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 20,601,234 | − 3,4[...] |
| Special Deposits | 988,708,000 | |
| Bankers | 321,700,199 | + 1.9[...] |
| Reserves & Other Accts. | 420,218,995 | − 1,0[...] |
| | 1,765,773,428 | − 2,0[...] |
| ASSETS | | |
| Govt. Securities | 1,405,466,553 | + 10,[...] |
| Advances & Other Accts. | 264,110,209 | + 4,7[...] |
| Premises, Equipt. & other Secs. | 83,875,845 | − |
| Notes | 12,265,004 | − 16,[...] |
| Coin | 256,844 | + |
| | 1,765,773,428 | − 2,[...] |
| **ISSUE DEPARTMENT** | | |
| LIABILITIES | £ | |
| Notes Issued | 6,150,000,000 | + 125,[...] |
| In Circulation | 6,137,734,996 | + 141,[...] |
| In Bank'g Dep't | 12,265,004 | − 16,[...] |
| ASSETS | | |
| Govt. Debt | 11,015,100 | |
| Other Govt. Secs. | 5,419,124,162 | + 136,[...] |
| Other Securities | 719,860,738 | − 11,[...] |
| | 6,150,000,000 | + 125,[...] |

HOME NEWS

# Haw Par accounts gave unreal picture, says report

BY MARGARET REID

SHARP CRITICISM that past acounts of the Singapore-based Haw Par Brothers International, gave an "entirely unreal picture" of the company's profitability has been levelled in a report by the Singapore Stock Exchange committee.

The report, the first of a series expected from the committee, set up this summer to inquire into share dealings in Haw Par, focuses attention on the group's Melbourne unit trust, into which large capital profits were paid in 1972; for subsequent transfer by stages to the profit and loss account.

The committee says that non-disclosure of information relating to Melbourne resulted in an unreal portrayal of the 1972 to 1974 profitability of Haw Par, in which Slater Walker Securities had a large interest.

The committee's report also states that other authorities will be responsible for deciding whether offences have been committed under Singapore law, and that it is sending copies of the report and subsequent reports to the relevant authorities for information.

Another report on the affairs of Haw Par which is eagerly awaited will come from accountant Mr. Philip Grundy, who has been conducting an official inquiry into the affairs of Haw Par.

The interim report by Mr. Grundy—whose fellow-inspector, Mr. Graham Starforth Hill, resigned at the end of October because of a "potential conflict of interest"—is thought to be complete, but has not yet been published.

Mr. Jimmy Goldsmith, who took over as SWS chairman when Mr. Jim Slater resigned on October 24, is already in the Far East, preparing to visit Singapore from the beginning of next week. Mr. Goldsmith is to have talks there with Mr. Michael Fam, chairman of the reconstructed Haw Par Board, about the controversial £14½m. loan from SWS to Haw Par, some £7m. of which is repayable in the New Year.

Both Haw Par and the Singapore authorities are anxious that this loan should be much reduced. Secret fact-finding discussions were held in London between SWS and a high-level legal adviser to Haw Par as a preliminary to Mr. Goldsmith's visit.

The Singapore Stock Exchange report says that Melbourne was formed in Hong Kong in June, 1972, as a more than 99 per cent.-owned subsidiary of Haw Par, but that its existence was never disclosed to Haw Par shareholders.

Similarly, the formation of a share-dealing subsidiary of Melbourne, Cobra Investments, and the sale to Melbourne of a wholly-owned Haw Par subsidiary, Haw Par Brothers (Hong Kong)—renamed Grey Securities—was not disclosed, it says.

# 'Teaching companies' plan for engineering industry

BY DAVID FISHLOCK, SCIENCE EDITOR

LEADING BRITISH manufacturing companies are being invited to participate in a scheme to set up "teaching companies," analogous in purpose and standing to teaching hospitals, to help improve the performance of the U.K. engineering industry.

The "teaching company" scheme arises from the acknowledged difficulties of simulating the complexities of production engineering to-day anywhere but in a commercial trading company.

Its main aim is to attract more engineers of higher calibre into U.K. manufacturing industry.

Other objectives are to train them to make the best use of industry resources, advance U.K. manufacturing technology and spread the word widely about more profitable manufacturing practices.

The "teaching company" scheme is outlined in a discussion paper—published jointly by the Department of Industry and the Science Research Council—which has been prepared by a working party under the chairmanship of Professor L. Maunder, of the department of mechanical engineering at Newcastle University.

In the words of one member, Dr. D. T. N. Williamson, of Rank Xerox, the intention is to provide "the engineering equivalent of a teaching hospital, where experienced practitioners, researchers and students intermingle and cross-fertilise ideas while doing a job in a real environment. . ."

Dr. Williamson originally proposed that a freestanding "manufacturing technology institute" be set up, making and selling a real product and constantly seeking to improve its performance.

While admitting that the idea has "many attractions," the discussion paper says it is hard to see how even several such institutes could train enough people to justify their cost. How they would work with the existing system of higher education and how the charge of subsidised competition against existing manufacturers could be rebutted was also unclear.

The Government would provide support for the academic course work, and to accelerate projects for new plant and techniques. The research would be supervised jointly by industrial and academic staff.

# Record new business in 1975 for Standard Life Assurance

BY ERIC SHORT

STANDARD LIFE Assurance, one of the largest British mutual life companies, achieved record new business for the year to November 15. For the first time sums assured on a world-wide basis exceeded £1bn. The final figure was £1.082bn., a rise of nearly £260m. on 1974.

These figures appear to confirm that 1975 will be a boom year for life insurance, especially traditional business. Those few large life companies that give six-monthly figures all reported buoyant trading at the half-year stage.

The company reports ordinary life business sums assured rising in the year by 30 per cent. to 737m., with an even larger rise, per cent., for U.K. and Irish Republic business. One large factor in this growth has been the recovery in the housing market. Standard is one of the leading companies writing life policies as collateral for house mortgages. The other major growth area has been in provision of pure protection policies, such as family income benefit, providing an income to dependants if the policy-holder dies. Many life companies have reported a growing demand from the public for protection contracts.

Standard says there has been a considerable increase, although not at the same level, in the more general savings-type with-profits contracts. Official statistics have reported a considerable upsurge in savings this year, and life insurance is the main vehicle for long-term savings. The experience this year of Standard Life would indicate that life insurance is benefiting from this upsurge.

A significant feature of the company's new business is that total new annual premiums have risen by 29 per cent. to £31m., while the increase in home premiums is 35 per cent. Both these rises are ahead of the rate of inflation for the past year, and if this experience is indicative of the whole industry it will relieve the pressure of rising expenses.

# Shipowners want State action to fight East Bloc inroads

BY JOHN WYLES, SHIPPING CORRESPONDENT

**AN APPEAL for concerted action by Western Governments to counter the Russian and East European penetration of traditionally Western-dominated shipping trade was launched yesterday by some of the world's leading shipowners.**

**After a meeting in London of the Council of European and Japanese National Shipowners' Association (CENSA) a warning was given by Mr. Bob Russell, the CENSA chairman that "the policies and shipping practices of certain Eastern Bloc countries represent an existing and growing threat to the commercial basis of world liner shipping and trade."**

**Alleging that the East European countries, particularly the Soviet Union, were using their merchant fleets in pursuit of political objectives, Mr. Russell warned that normal commercial competition was now virtually impossible.**

**With uneconomic freight charges as their main weapon, Russia and its East European allies were also making major inroads into Western shipping lines' business.**

**They were strictly monopolising cargo movements on their direct trades, inter-Governmental agreements reserving part or all of a cargo in a particular trade and denying Western shipping companies the opportunity to run businesses in East Europe with the same freedom afforded to Eastern Bloc shipping agencies operating abroad.**

Mr. Russell, who retired yesterday after a five year spell as CENSA chairman, said that commercial discussions with the Soviet Union had failed to achieve a fair distribution of cargo and "it is difficult to see how really effective action can be taken against Government policies, except by other Governments."

This message had been stressed in a confidential study of the problem drawn up by CENSA which was being discussed with the 13 Governments of the Consultative Shipping Group. The group includes the U.K., France, West Germany, Japan, Greece, Italy, Norway, Spain and Sweden.

● NEWS ANALYSIS

# The motive is political

BY JOHN WYLES

"BEWARE OF THE RUSSIANS" may be an unfashionable cry in this age of détente, but it is being loudly broadcast by Western shipowners who feel that they are at the sharp end of a Soviet commercial attack whose motive is more political than economic.

They allege that deliberate and concerted "rate dumping," primarily by Soviet merchant shipping, could so seriously enfeeble Western shipowners that the carriage of a major proportion of Western trade will fall permanently into Russians hands.

Yesterday's public appeal for Governments' help by the Council of European and Japanese National Shipowners' Associations was designed to draw attention to the political and economic implications of this threat, following the total failure of Western shipowners to persuade the Russians to moderate their attack.

Soviet and other Eastern Bloc penetration has been largely achieved at the expense of the Western shipping lines in the cargo-liner and container trades. Many ofthese lines operate in a "conference" structure which agrees freight rates for particular trading routes. Although the Soviet attack is virtually worldwide, it is these conferences that are most vulnerable to Soviet price-cutting.

Although traditionally coy about admitting their losses to the Russians, more and more national shipowners' associations are bombarding their Governments with evidence of unfair competition. According to a pamphlet circulated by West German owners, Comecon countries have captured more than 35 per cent. of trade on the North-West Europe-Eastern Mediterranean routes.

Gains cited elsewhere include 13 per cent. of the U.S.-West German trade and almost total domination of the Danube trades, where it is alleged all but two Western lines have been forced to withdraw by rate dumping.

## Rail threat

On another front, the Trans-Siberian Railway is putting increasing pressure on conference lines to the Far East. About 10 per cent. of this trade has gone to the Russians, and the German pamphlet warns that allied to Soviet shipping competition, the railway "may lead to the collapse of the organised Western sea transport system operating between Western Europe and the Far East."

These are only a fraction of the examples of the Soviet threat which Western shipowners are collecting for their Governments. According to the shipowners, the evidence points to the Russians apparently operating their ships according to totally different commercial criteria which clearly do not involve considerations of actual costs for such items as depreciation, fuel oils or insurance.

How else, it is asked, could the Russians possibly undercut established conference rates by up to 25 per cent. on the Northern Europe to St Lawrence and Great Lakes routes, up to 30 per cent. for Northern Europe to West Coast South America, up to 30 per cent. for U.K.-West Africa and up to 40 per cent. for Northern Europe-Australia? Rate-cutting on this last route is allegedly practised by Polish Ocean Lines, while a Russian line actually belongs to the established conference, thus, it is claimed, giving the Eastern Bloc the best of both worlds.

Alarm at the situation is strengthened by the Russion shipbuilding programme. Eighteen years ago the Soviet merchant fleet was 26th in the world league. It is now 6th. But this hides the growth of the Soviet cargo-liner fleet, which at 6.9m. tons is the largest in the world.

Moreover, Russia plans a large fleet of roll-on roll-off or container ships, and since she has a very limited deep-sea cargo-liner trade of her own, most of these new ships are apparently destined to strengthen the attack on Western shipping.

Against this background, there are suggestions that Governments may step in, with diplomatic pressure backed by the threat to direct cargoes out of Soviet ships.

# Knitwear import curb proposed to Minister

BY RHYS DAVID, TEXTILES CORRESPONDENT

A SEVEN-POINT plan for helping the U.K. knitting industry through the difficulties of the next 12 months has been put to Mr. Gerald Kaufman, Minister of State for Industry, by the Knitting Industries Federation.

A delegation from the industry, which met the Minister during the week, has asked for controls already introduced by the EEC on knitwear imports from Hong Kong, Taiwan and South Korea to be rigidly operated and for imports which are permitted to be spread over the whole of 1976. The industry is afraid that if the bulk of imports allowed under quota arrive in the early part of next year there will be pressure from importers for relaxation.

The U.K. knitting industry, which has lost more than 11,000 jobs in the course of this year as a result of the textile recession and imports pressure, also wants to see careful monitoring of imports through the surveillance licensing scheme, to detect shifts in the pattern of supply from the countries now brought under control to other low cost or State trading countries. Safeguards against subsidised imports from the Eastern bloc countries are also being sought.

# 'Management actions led to Rank's problems'

BY STEWART FLEMING

THE PRESENT difficulties of the Rank Organisation must be largely attributed to decisions of the management, the broking firm of de Zoete and Bevan says in a circular.

They say the difficulties "stem from Sir John Davis, the chairman, believing that his own judgment was likely to be better than that of outside experts," but point out that it was this belief which led Sir John into taking important decisions which led the successful growth of the company.

The circular goes on to say that the recent boardroom row at the company will have brought home to Sir John the fact that it is now necessary for him to prepare for his retirement.

It suggests that when the "A" shares are enfranchised Sir John's position must be in danger since enfranchisement would transfer control of the company from the Rank Trust to the mass of ordinary shareholders.

While emphasising the importance to the company of establishing a system of adequate management controls, the brokers say that such a system cannot take those decisions which are necessary if Rank is to become a more healthy animal. The circular goes on to suggest that Sir John will believe that he is likely to be more capable of making the necessary decisions, and making them correctly, than any successor, and they therefore expect him to carry out changes, such as the sale of important parts of the business where this may improve the position of the group, before he retires.

# Crisp sales fall hits 200

BY DONALD MACLEAN, INDUSTRIAL STAFF

GOLDEN WONDER, the snack food subsidiary of Imperial Tobacco, will to-day issue redundancy notices to some 200 workers at its crisp factory at Corby, Northamptonshire.

The redundant workers represent about 8 per cent. of the 2,500 employed on crisp manufacture at three of the company's factories.

The redundancies follow an estimated 15-20 per cent. decline in sales of crisps in recent weeks, after good demand in the summer. The decline has occurred against the background of the general economic difficulties and a rise from 4½p to 5p in the price of a standard pack of crisps in September—a rise associated with higher potato prices.

# Newman to challenge Prudential action over TPG deal

BY NICHOLAS LESLIE

A WRIT issued earlier this year by Prudential Assurance in a move to block a takeover by Newman Industries, the industrial motor specialist, of certain of its associate company's assets is now being challenged by Newman.

The writ sought to stop Newman's directors from seeking approval from Newman shareholders of a takeover of assets from Thomas Poole and Gladstone China and a 19.8 per cent. holding in TPG owned by Strongpoint, a private company owned by Mr. Alan Bartlett and Mr. J. K. "Jake" Laughton, chairman and deputy chairman respectively of Newman.

The Prudential felt that more information should be made available to Newman's shareholders

As a holding operation the Prudential tried, but failed, to get an *ex parte* injunction to stop the relevant resolutions being put to an extraordinary meeting of Newman.

However, at the Court hearing it was revealed that Newman's directors had decided not to put the resolution relating to Strongpoint's holding in TPG. The subsequent Newman meeting thus ratified only the takeover of TPG assets.

Since then the Prudential has held its action in abeyance, apparently to await an independent report by merchant bankers J. Henry Schroder on Newman's takeover deals before deciding its next move.

Now, however, Newman is seeking to have the case dismissed for want of prosecution. The case will be heard by Mr. Justice Brightman in the High Course on Tuesday.

Newman will seek to show that the Prudential is being unreasonable in its stance and that its unreasonablenes is prejudicial to Newman.

A spokesman for Newman would not comment yesterday on why the company is making this move. At the Prudential, however, Mr. C. F. Whitehorn, chief legal adviser, commented: "I don't know of any reason why the defendants should wish for the action to be pressed on with in the absence of the independent report from Schroder's."

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The assets concerned are holdings in four quoted companies—Agar Cross (22.2 per cent.), Metropole Industries (29.8 per cent.), Dover Engineering (20.8 per cent.) and Alfred Clough (33.9 per cent.)—together with certain other investments.

Subsequent to the transfer of these investments from TPG to Newman, the Stock Exchange suspended the TPG share quotation, since it had become merely a cash company with just one big investment in Newman.

If the Prudential were to proceed with its action it could seek to have the Newman take-over of the TPG assets unwound, but this seems unlikely.

# Corporate liquidity rises sharply in third quarter

FINANCIAL TIMES REPORTER

THERE WAS a sharp rise in corporate liquidity in the third quarter of 1975 according to the Department of Industry's latest survey.

On a seasonally adjusted basis total current assets of the 214 companies surveyed increased by £217m. in the third quarter and total current liabilities fell by £183m., giving an increase in net current assets of £400m. This increase follows a net increase of £267m. in the second quarter and a net increase of [illegible] in the first.

Much of the increase in the early part of the year can be associated with the tax relief for increases in stock valuations. A substantial number of capital issues, have raised additional funds.

The figures show a sharp rise in liquidity since the beginning of 1975, following the decline which began early in 1973 and which continued steeply throughout 1974.

# The Property Market

BY QUENTIN GUIRDHAM

## Revised plans for Amalgamated House

The tactics have been changed in trying to let Amalgamated House, the old PLA building which Amalgamated Investment and Property bought for £9¼m. and added 30 per cent. to the net floor area during restoration. While "AIP would naturally like to see the building (it totals 166,500 sq. ft.) let to one tenant" a new campaign is now on to get lettings in units from 10,000 sq. ft. upwards. The asking rent is £10 a sq. ft. (it was rumours of a letting at around £8 a sq. ft. which played a part in a run on the company's shares a few weeks back). The asking rent is the same as AIP achieved for its 18,000 sq. ft. at 136-138 Minories recently.

Along with these new tactics comes a new agent in Jones, Lang. Wootton, to join with Henry Davis. One specific reason for JLW's arrival on the scene is to try to sell Amalgamated House through offices in Europe and North America.

At the same time Henry Davis is joining JLW and Hales and Partners on AIP's less-discussed giant, the 228,000 sq ft. in the Station House development at Basildon

Confirmation is through of AIP's sale to the Norwich Union of Whittington House, the 71,000 square foot office off Tottenham Court Road occupied by the Home Office. The price was around £7m. (the property is leasehold from the City Corporation) with Leighton Goldhill and Partners acting for the vendors.

This is the third large investment purchase announced by Norwich Union lately. Last June it bought Field House—36,000 square foot off Chancery Lane and let to the Department of the Environment—for over £5m. And it also purchased Taylor Woodrow's and Capital and Counties' interests in the Birmingham Shopping Centre above New Street Station.

## Going through the 5m. sq. ft. mark

December's city floorspace survey by Richard Saunders and Partners shows the biggest yet increase in space on the market. another 591,000 square feet over the November figure to take the total through the 5m. mark to 5,387,000 square feet. The figure for the EC1-4 area is 3,362,000 square feet.

Because of the different ways they are compiled, different agents' surveys are sometimes a long way apart in the totals shown. Perhaps this does not matter too much, since the trend is what everyone is looking for and providing the basis for each remains consistent the true patterns should emerge.

Saunders, which publishes its figures monthly, is hoping to change the formula slightly in the New Year, though not to break the continuity but enlarge the scope. What they want to include are units which get let without coming on the open market. For this they need the cooperation of the big landlords.

*If they get it this will* not alter the main statistic — the open market available for letting figure — since virtually everything empty is marketed one way or another. But it could increase the second figure in the Saunders' charts, for lettings, since the new formula would include cases where someone has approached the landlord direct to see if he has space coming free and a lease is taken without formal marketing.

The other point Saunders wants to cover in future is the age and quality of accommodation

What the letting figures in the December survey shows for the E.C.1-4 area is that the healthier trend of the previous month has not suffered a complete relapse. Only 21,000 square feet went off the market in E.C.1 and 26,000 square feet in E.C.4, but 84,000 square feet moved in E.C.2 and 66,000 square feet in E.C.3.

In what may be much too short-term a trend to be useful, the figures indicate that the E.C.4 space is levelling off at around 1m. square feet, with E.C.2 and E.C.3 still increasing sharply to just below the million level. The E.C.1 space offered is building up more slowly to just under the half-million.

The more hopeful interpretation of all this is based on an increasing number of units let, even if they are mainly under 5,000 square feet, coupled with a general impression from City agents that although bigger units are difficult to shift there are several large space-users showing interest at present.

The worst trend is thrown up by the other areas covered by Saunders— W.C.1, W.C.2, S.E.1 and E.1—with the W.C.2 situation looking quite alarming with an increase from 619,000 square feet to 809,000 square feet over the month. Compared with 68,000 square feet on the market there a year ago this is the biggest proportional increase of all. But these four other districts do at least show a continued level of lettings.

## Development is alive, in Edinburgh

Edinburgh is one city where there is general agreement about the prospect, at least, of demand for office space outrunning supply, and whatever devolutionary package is settled on won't harm this thesis. To show that this is not just talk, here is an example of a small development, with institutional backing, going ahead at top speed.

The site is on the east side of South St. Andrew's Street, which links St Andrew's Square with Princes Street. Contracts for purchase were exchanged at the end of June, before any consents were in hand and the demolition work is now under way. The new stone-faced office and retail space will gross 16,226 square feet.

The developer is Rothesay Securities (CI), run by Greville Mitchell, who used to be with Barry Abbott at Bovis and again at Investment and Property Holdings. The backing comes from Scottish Amicable Pension Investments, which provides the funding and will buy out the Rothesay interest on completion. No prizes for guessing what is the pre-letting which makes all this possible. The whole building has been taken by the Employment Services Agency for use as a Government Job Centre

Mitchell sees this as proof that "there is still an active role for the pure development company." But Edinburgh does, as he says, look a special case, with a council moratorium of office development two years ago to add to the demands of a heavy bureaucracy, oil and the traditional financial space-users. Having the institutional money on the door-*step must help too.*

Jones Lang Wootton, who advised Rothesay, have produced a report which states that only 80,000 square feet of new office space will come on stream within the next year with demand— excluding Scottish assembly possibilities — already around 400,000 square feet a year.

## German trends

The Weatherall Green and Smith report on the German market commands respect, even if it admits to getting last year's emphasis wrong by anticipating, along with many others, a quicker upturn in the economy. This year's verdict of subdued optimism is based on the forecast that an upward trend will be evident in 1976.

Inevitably this year's report also follows through the views expressed last time about the influence of the British in introducing speculative development on a large scale. The conclusion is that "although British companies are acquiring few developments at the present time, they will, by the impetus of their development programmes, continue to influence the central area letting markets in all the major cities for some little time to come"

The verdict seems to be that most—there are some major uncertainties—of the British schemes should just about pay for themselves. The difficulties may come at the refinancing stage

German institutional buyers are back in the market, but at prices well below those obtained two and three years ago. But this interest has not yet spread to large speculative development schemes. Weatherall's conclude that though plenty of foreign, including U.K., investment groups have been looking at Germany, there have been few purchases because of the low yields and the cost of long-term finance. For prime small investments in the best locations, apparently an offer to produce a net yield of 5¼ to 6 per cent. would be necessary to conclude a purchase and there are few enough prepared to go to such high prices.

Frankfurt is described as the most active office letting market over the past year, with banks and international companies prepared to pay over DM30 per square metre. The shopping market (which is described as surprisingly buoyant throughout Germany) has levelled to around DM70 to DM80 for good locations, with DM120 and DM130 seen for small units

A sharp decline is reported in Munich, where the very best office rentals to-day are at DM20 per square metre. With several medium size developments coming on the market in the next year or so, it seems that Munich rents will continue at a substantially lower level than in other centres

So even if rents have not gone as predicted—and the frugal Germans have been going for the poorer accommodation in the past year — the underlying trend in Germany looks quite different from in Britain To take just one cardinal factor: in the last year there has been a further reduction in building prices.

## OUT AND ABOUT

● Artagen Properties has made one of the biggest warehouse lettings of the year with nearly 200,000 sq. ft under one roof on its Viking Industrial Estate, Bedford, going to MFI Warehouses. The building will be ready next March and MFI also has a short term option to take the remaining 45,000 sq. ft. of the 243,000 sq. ft unit

*The whole estate* is scheduled for around 825,000 sq. ft., but the only other unit being built at the moment is of 90,000 sq. ft.

Chamberlain and Willows acted for Artagen and Debenham Tewson and Chinnocks were retained by MFI.

● The Pension Fund Property Unit Trust has gone further into agricultural land, paying over £1m. for the 2,450 acre Lock Estate at West Grinstead and around £180,000 for 323 acres at Braintree next to another PFPUT holding

● French Kier, which had to get Government help after motorway construction losses, has done better with Kings Square, the second phase of its town centre redevelopment in West Bromwich This is now fully let (the department store of 45,000 square feet is occupied by Birmingham Co-op) and a refinancing agreement concluded with the Bass-Charrington Pension Fund

Edward Erdman advised French Kier in buying letting (Chesshire Gibson were joint agents) and refinancing, while Schroder Properties advised the pension fund.

● Fairview Estates has raised £945,000 with the sale of a reversionary freehold warehouse investment at Caversham, Reading The 4½-acre site has a total of 92,000 sq. ft. of warehousing and offices with tenants includir Roneo Vickers, Rubery, Ow Group, IAZ International ar Brunswick Corporation The re role totals £67,500 a year with review on all units due in thr and a half years At the price £945,000, the initial yield he is only 7.14 per cent.

Edward Gray of Wembley act for Fairview, Weatherall, Gre and Smith for the buyers.

● Portal Developments has so its long leasehold interest 97,000 square feet of new wa housing in Bryn Road on t South Lancashire Industri Estate. The warehouse w prelet by Portal to R. G. Brow Pipelines, a Central Wagon su sidiary, at around £74,000 a ye The price paid by the buyi institution is thought to around £675,000

Portal were advised by Conr Phoenix and Ratcliffes acted f the purchasers.

● Following its recent sale over £1m. of 4 Palace Gate, Ke sington, Romulus Constructi has sold its freehold office 100 New King's Road Let advertising consultants, the ar is 10,700 square feet. The buy for £1m.-plus, is the Blue Circ Group's pension fund on a yie of around 7 per cent.

John Bray, Hannam and Pa ners acted for Romulus, wi Lane Fox and Partners for t fund.

● GKN is asking £1,250,000 f the ex-Miles Druce building Heathrow at Colnbrook. T total floor area of the wareho is 102,574 square feet. Oth large industrial sales bei handled by Edwards Bigwood a Bewlay include two Slumberla factories—204,515 square feet Tyseley, Birmingham, where t asking price is £550,000 a 75,338 square feet at Paisley, i cluding offices and showroo where £400,000 is the figure a James Barr are joint agents.

# INDUSTRIAL AND BUSINESS PROPERTY

PROPERTY ADVERTISING ALSO APPEARS TO-DAY ON FOLLOWING PAGE



# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS



● PROCESSING

## Closer control of foam formation

THE NEED continuously to monitor bubble characteristics in pressurised chemical process plant may be met by a new system developed in the Department of Chemical Engineering at the University of Edinburgh.

Designed, initially, for bubble measurements in distillation columns, the system should have application in measuring any discontinuity moving in a continuum, the University says. Thus, bubbles moving in fluidised solid particle beds and liquid metals and liquid droplets floating in fluid streams may be observed.

Hitherto, methods have relied on laborious techniques, often necessitating optical windows which impose their particular problems. The newly devised method uses a probe system which can be inserted into a vessel and within a froth remote from the walls, avoiding wall effects which impede accurate measurement.

Froth to excess in some processes can ruin output and seriously impede the operation.

Two designs of the probe have been developed and successfully tested in the laboratory. The first uses an electrical measuring system and is applicable to the monitoring of bubbles in non-flammable liquids and fluidised beds. The second relies on fibre-optic transducers giving a probe applicable to any liquid system including flammable solvents.

The output signals generated by the rapid and random interaction of the bubbles with the probe are fed to a small dedicated computer for which software is available.

### Bubble watching

The system provides the measurements of size, shape and velocity of the bubbles comprising a froth and has been shown to be more accurate than currently employed photographic methods. In addition, the measurements have been successfully applied to the prediction of mass transfer properties of bubbling systems.

Further information on the system, for which manufacturing rights are available, may be obtained from the Centre for Industrial Consultancy and Liaison, University of Edinburgh, 14, George Square, Edinburgh, EH8 9JZ (031-667 1011).

## Anti-static brushes assessed

ANTI-STATIC brushes containing polonium-210 in the form of ceramic micro-spheres have been tested and evaluated by the National Radiological Protection Board with regard to their availability to the general public.

A report issued by the Board summarises existing test information, gives results of routine leakage tests and of special tests intended to simulate severe but credible abuse and accidents with these devices.

It is found that the low levels of removable contamination and the possible loss of complete microspheres, although in principle undesirable, do not present a significant hazard.

The containment integrity of ceramic microspheres under severe conditions (impact and fire) has been found unsatisfactory and it is considered possible that ICRP dose limits could be approached or even exceeded under these severe but credible abuse, accidents or disposal conditions.

The results of comparative tests with non-radioactive methods for static elimination did not demonstrate any adequate justification for the use of a radioactive material. Potential exposure from brushes containing polonium-210 is therefore considered "an unnecessary hazard to members of the public," the NRPB declares.

NRPB is at Harwell, Didcot, Oxon. OX11 0RQ. Report number R36, available from the Stationery Office.

● INSTRUMENTS

## Control for oil burners

EVERY TYPE of oil bu[rner] requires fuel of spe[cific] viscosity to operate at optim[um] efficiency.

It is claimed that the [...] Control viscometer VISC 21 [...] control fuel oil viscosity. It i[s an] in-line instrument with th[ree] parts: a measuring housing, [...] one fixed and one rotating pl[ate] through which all the fuel fl[ows;] an electric motor which dr[ives] the rotating plate; and a tr[ans]ducer which senses dyna[mic] viscosity as a torque exerted [by] the rotating plate on the f[ixed] plate.

The instrument is installe[d in] the oil supply line to the bu[rner] and controls the viscosity of [the] fuel at the correct level by ad[just]ing the temperature of the u[...] preheater.

It is available from Eur-Con[trol] GB, 222a Addington R[oad,] Selsdon, South Croydon CR2 [...] (01-651 1226).

● TRANSPORT

## Belt takes heavier loads

PATENTED construction of a new form of timing belt gives better performance and allows cost reductions, particularly because of the belt's compatibility with conventional pulleys.

Dunlop Super is the result of continuing development and is a high capacity belt having an average increased power transmission capability of 40 per cent. Lower speed, high torque applications, previously catered for by chains only, can be met and the belt is appropriate for all standard applications where a reduction of 25 per cent. can be expected on typical drive package costs.

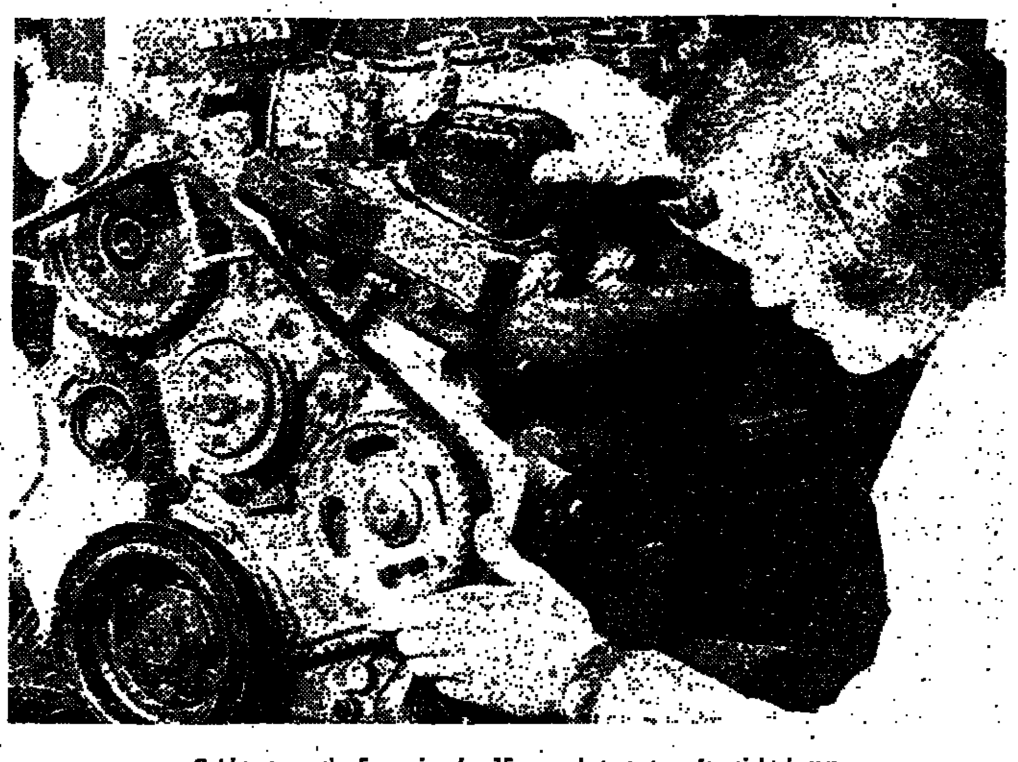
Dunlop Super is available in two grades and conforms to BS and ISO standards. It uses readily available off the shelf pulleys and bushes. Drives can be designed using familiar techniques, thus reducing design office time, and the need for costly special pulleys is eliminated.

Teeth are constructed with a laminated two-ply fabric as against the conventional one-ply fabric in standard belts. Ability to use the two-ply has been made possible by the patented manufacturing method which relies on a rubber and fabric pre-forming operation during which a final precision tooth shape is some 80 per cent. preformed under conditions of minimum stress to the facing fabric.

By contrast with alternative methods, the Dunlop approach gives much closer control of the material during moulding.

The special process—Patent No. 1288531—and the use of a two-ply laminate fabric makes it possible to produce belts which have significantly increased power transmission capability and extra resistance to tooth root shear over the whole speed range. The increases in capability run from about 25 per cent. to some 200 per cent., depending on the speed of application.

The improvements are made within the trapezoidal tooth shape in general use and, together with exhaustive testing by the company and users, a study has been made by leading European pulley manufacturers to ensure that their products can cope with the added power. Dunlop GRG on 0695 24111.



Cold tests on the Super involve 15 second start-stops for eight hours.

● COMPUTERS

## Portable input unit

PRAGMA has a low cost, hand held input terminal with a 20 key input keyboard, a 20 character display, and a 1000 character memory.

Termiflex Model HT/2, is a 1½ lb unit designed for use in applications where true portability is important. The HT/2 has a V-24 interface which permits direct connection to a computer via a modem or acoustic coupler. This permits use in stock control, process control, field service problems, hospitals, etc.

The HT/2 can also be used with mobile voice communication systems, such as two-way police radio, which permits fast error-free input of such data as vehicle registration numbers. This also permits any vehicle in the field to have access to certain computer held information.

By using a unique shift procedure, all 128 ASCII codes can be generated from the 20 keyboard. The 5 x 7 dot matrix LED readout can display the full ASCII character set, including upper and lower case, and control codes. In addition, the display features a cursor for next character position, case, control mode, special shift operation, and clear to send.

Operating at speeds up to 1200 baud, either 10 or 11 bit characters, in either half duplex or full duplex operation, the display can be scrolled to show the last 1000 characters of information either sent or received. The unit can also be used with other peripherals, such as a cassette system, to form a low cost off-line data capture system.

Pragma is at 29, High Street, Edgware, Middx. (01-952 8471).

## Calcomp's graphics plans

CALCOMP is developing an interactive stand-alone graphics system which will be aimed at the commercial as distinct from the scientific market, to be priced towards the top of the area for this product, according to the company's chief executive, Lester Kilpatrick.

The move has long been expected, in that the surprise for many years has been that Calcomp, the world's leading and most experienced company in the digital plotter field, has not produced a VDU-based graphics system.

This will be extra to Calcomp's plotter products. Kilpatrick indicates that the plotter market gives every indication of continuing to grow, growth being closely related to the number of computers installed.

What this might mean is indicated by the recent IDS figure that $73bn. worth of machines (excluding desk calculators and Microchips) have so far been installed since the computer business began. These are world wide figures. The IDS forecast is of total shipments by 1980 of $136bn., an increase of nearly $50bn. in only five years.

IDS indicates that there will be $17bn. worth of disc files shipped over the next five years as the third largest manufacturer of disc files, Calcomp is well placed to benefit.

As to the long term future of disc systems, Kilpatrick thinks there will be no end to disc development and marketing, at least before 1985. Calcomp recently announced, though not yet delivered a 400 Mgb disc file. A 1,000 Mgb spindle should be available within the next few years.

Cost of disc storage per byte had, in the last few years, been decreasing at least as rapidly as the cost of semi-conductor storage. One could, indeed, project prices per byte of storage on disc roughly two orders of magnitude less expensive than one could project for LSI storage and assume (in view of the development work going on) that eventually some form of static semiconductor storage would become so inexpensive as to eliminate the need for disc storage.

But the time is not here yet.

Kilpatrick said that Calcomp's Xytek operation had, in the recession, been moved from Boulder to Annaheim. The Xytek mass storage system, a computer-controlled IBM-compatible tape store with tape to tape transfer as input-output (as distinct from its competitor the IBM 3850 which has tape to disc output) was selling well.

There were a couple of dozen installations in the United States, the system had also been sold in Japan, and was currently being looked at by BASF in Europe who might well agree to market it.

## Collects data on cassette

IN TUNE with the rapid advance in the minicomputer market is a mini data-transfer facility in an attache case produced by Systems Programming, the Simon Engineering software company.

Costing less than £250, the SPL Dataload is so portable and simple to use that, for example, a van driver on his rounds may collect data from several terminals at retail outlets for feeding into a minicomputer at headquarters, thus saving the use of the GPO data transmission lines.

The information is stored in a built-in cassette recorder and feeding it into or accepting it from a minicomputer is speedier and more flexible than using paper tape transfer. It is teletype-compatible and can be used with standard minicomputer software.

The device is especially useful for the diagnostic work of maintenance engineers and should find a ready market throughout the European continent.

SPL on P.O. Box 31, Stockport, Cheshire SK3 0RT (061 428 3600).

● HANDLING

## Submersible pumps for ship holds

DESIGNED TO withstand [the] rigours of marine service, submersible pumps (ac and [dc] motor powered) have been in[tro]duced by ITT Flygt Pumps, [Col]wick Industrial Estate, Nott[ing]ham (0602 241321).

Corrosion resistant alumin[ium] alloy is used for the body; sh[afts,] nuts and screws are of stain[less] steel, and the impeller is [of] forged acid proof steel.

Intended for use in ship h[olds,] both pumps are of slim de[sign] (335 and 395 mm maxim[um] diameter), and they can run for over 30 minutes, until motor protection trips the p[ower] supply. This enables the pum[p to] be moved from hold to hold [with]out disconnecting the power.

Both pumps have a q[uick] release hose coupling for 3 [in.] hose. The three-phase ac p[ump] is rated at 6.2 kW, with a ty[pical] output of 50 g.p.m. at a 150 [ft.] head the 220 V dc pump is r[ated] at 4.4 kW and has a typical [out]put of 50 g.p.m. at a 100 [ft.] head. The maker says that [par]ticles passing the str[ainer] (maximum 8 mm diameter) [will] not cause any damage.

● METALWORKING

## Rivets in silence

OFFERED AS a complete riveting machine, pedestal or table mounted, or as a unit head in standard or slim design, the BK 4000 has a capacity of 10 to 35 mm shank diameter rivets on material of 40 kg/sq. mm tensile strength.

Electro-hydraulically operated, the machine has a 5.9 kW drive motor, stepless adjustment of pressure and time, fast approach, slow working speed, accelerating return and a micro-stop for stroke control. It is claimed to be capable of performing the function of a press with up to 10 tons capacity, but to have environmentally acceptable operation.

The BK 10 has a Taumel T10 silent orbital head and a range of inserts for all rivet head forms. It has a capacity of 0.5 to 5.0 mm shank diameter, on material of 40 kg/sq. mm. Power consumption is 0.12kW.

The BK9 is a small press with a maximum pressure of 800 kg from an air supply of 10 atmos., and functions in any position.

Combined with modular construction elements, both heads can be used as self-contained or auxiliary units in special purpose machines, or as complete manufacturing units. The range of interchangeable elements comprises: columns, pedestals, with or without height adjustments, control units, swivelling clamping plates, base plates, support plates, multiple rivet head units, indexing tables and special work tables.

These riveting heads, backed for the first time by a "two year guarantee" are made by Bodmer Küsnacht AG, Switzerland, and marketed in the U.K. by Henry Pels and Co., 32 Osnaburgh Street, London NW1 3NE (01-387 4113).

## Calibration by laser

WHERE precision calibration is an important feature, a laser interferometer developed at Harwell should arouse interest. Using a low power beam the technique offers a very accurate and quick method of calibrating machine tools. With special lasers the Harwell system can be operated over considerable distances, which opens many applications in civil engineering.

It is cheaper than comparable systems and, being modular, can be easily adapted to a customer's requirements. People with their own lasers need only add the electronics to produce a viable system.

The instrument exploits conventional interferometer principles. However, information about the motion of the test piece is gathered by measuring the Doppler shift of laser light reflected from it. In this way either displacement, velocity or acceleration of the test piece surface can be measured. The key to the system is a novel electro-optic frequency shifter which allows the direction of motion of the test piece to be determined.

Harwell is looking for partners in industry to collaborate on the development of special systems. Dr. John Speake (Abingdon 24141) for further details. AERE, Harwell, Didcot, Oxon OX11 0RA.

## Helical tracks vary resistance

AIMED AT applications where accuracy and stability are needed in low resistance values is a potentiometer design based on a flat helix printed circuit.

The unit will be marketed by R & D Instruments, a company formed jointly by two English manufacturers, Electro Laminar Products of Birmingham and Wareprod of Burnley, precision moulders.

The laminar substrate consists of 0.048 of aluminium, 0.005 in of glass cloth and about 0.001 of cupronickel, the latter being etched away to yield the helix after photo-exposure.

A radial arm carries the sliding contact and a mechanism moves it radially inwards to track the helix as the control shaft is turned. A single turn device can thus be made to rotate exactly through 360 degrees. In addition, devices can be made with three or four turns. The track width decreases progressively with angle of rotation in order to produce equal resistance increments.

First devices to be made have bodies of ABS, which allows the track to dissipate up to three watts. Natural limit of the track itself is about 20W, however, and improved bodies are being developed.

At the moment values available range from ¼ ohm to 40 ohms maximum and the case size is 55 mm diameter x 20 mm.

A particular advantage of the design is that it avoids the "stepiness" of wire wound precision potentiometers, with which the makers claim it will be competitive. More from Mr. C. A. Duerden, R & D Instruments, Spring Valley Industrial Estate, Braddon, Douglas, Isle of Man (0282 72954).

● MATERIALS

## Insulation secured by sheeting

TO RETAIN and protect i[nsula]tion around pipes, Gree[...] Industrial Polymers (an [...] Polymer Group company) [has] developed a specially constr[ucted] polyisobutylene (PIB) she[et] incorporating an open [...] reinforcement. This [...] pockets of polymer, preve[nting] any movement which cou[ld be] caused by heat in steam [...] or by gravity on vertical runs.

The fabric reinforcement [elimi]nates elongation and inc[reases] the material's resistance [to im]pact, says the company. [It] is at Irwell Works, Ordsall [...] Salford M5 4TD (061-834 [...]). PIB sheeting is impervi[ous to] moisture and liquids, [is not] harmed by sunlight a[nd is] resistant to attack by che[micals] such as alkalis, alcohol[s and] dilute acid.

It is stated to be easy to [...] and can be moulded over f[...] bends and other irregul[arities.] After application of the sh[eet] to the pipe run, a solvent i[s used] to weld the overlapping [...] producing a continuous [...] painting is required, an[y] solvent-based paint can be [used.]

The company is also in[troduc]ing a fire-resistant rein[forced] PIB sheeting suitable for public buildings and in ind[ustrial] areas such as chemical pl[ants.]

The product is obtaina[ble in] metre-wide rolls.

LABOUR NEWS

# Inspectors hit Cowley with more sanctions

BY ROY ROGERS, LABOUR CORRESPONDENT

BRITISH LEYLAND'S car production problems escalated yesterday when 360 inspectors at its Cowley, Oxford, assembly plant decided to re-impose a damaging overtime ban, but there was some solace for the company with the re-election of a moderate as the plant's senior Transport and General Workers' Union shop steward.

The inspectors were one of three groups of workers whose sanctions hit Cowley production levels to such an extent last month that management warned the plant would be closed unless production improved.

Inspectors, like testers and tuners at the plant, are seeking to be upgraded, which in the inspectors' case would be worth an extra £4.20 a week.

Their earlier sanctions were partly to blame for the many unfinished vehicles stored around the plant awaiting rectification, and the subsequent warning from management that workers who imposed sanctions would not be paid.

If management carries out that threat the sanctions could escalate into a full stoppage.

So far management has refused to concede any of the regrading demands for fear of sparking off others although all such claims are being looked at in negotiations which have just got under way for a new wages structure for the plant.

Re-imposition of these sanctions comes just two days after Lord Ryder, chairman of the National Enterprise Board and top BL management, stressed the need to boost production and prevent disputes.

More encouraging for the company was the re-election of Mr. Reg Parsons as the TGWU senior shop steward in the face of a strong challenge from three militants. He polled 1,242 votes. Mr. Bobbie Fryer, his predecessor, received 946, Mr. Cyril Blake, union branch chairman at the factory, 191, and Mr. Peter Boyles' 40.

*Peter Cartwright, Midlands Correspondent* writes: The white collar section of the TGWU which has a majority membership in half the 35 British Leyland car factories, has appointed observers to each BL plant to report on the effects of management decisions.

The combined committee of the TGWU's Association of Clerical, Technical and Supervisory Staff, which met in Birmingham yesterday is severely critical of the management structure, which it believes is heavily biased towards financial and management consultants and is short of first rate production engineers.

The committee blames much of the present difficulties on this imbalance, as it regards it, and will be monitoring the progress of the new policies enunciated by Lord Ryder, and Mr. Derek Whittaker, managing director of Leyland Cars in Birmingham on Tuesday.

# NUM leaders throw out Scargill bid to reopen pay debate

BY ROY ROGERS, LABOUR CORRESPONDENT

A POTENTIAL challenge to the Government's pay policy was endorsed yesterday by miners' leaders who nevertheless went on to throw out a move by militant Yorkshire miners' president Mr. Arthur Scargill to re-open the whole pay debate.

The monthly meeting of the National Union of Mineworkers executive backed their president Mr. Joe Gormley who earlier this week lodged a demand for £6-a-week basic rate increases—when the policy stresses that rises in earnings not rates must be confined to £6.

This ploy by Mr. Gormley is seen largely as a warning to the National Coal Board not to concede rises of more than £6 a week for NCB staff, and management grades who traditionally settle after the miners, and not as a real challenge to the policy.

NUM members have already agreed in a pit-head ballot to abide by the Government policy which stresses that the £6 maximum should be paid as a flat allowance and not on basic rates which accrue for additional overtime and other premium payments.

After the NUM executive meeting yesterday, Mr. Gormley declared there would be "all hell to pay" if his members saw higher management getting more than the £6.

Mr. Gormley is particularly worried that most NCB staff—many of them members of the union's COSA staff section—are on incremental pay scales and that if these are allowed, they could in some cases exceed the £6 limit.

He is even more concerned that the National Association of Colliery Overmen, Deputies and Shotfirers, who have an agreement with the NCB that their lowest-paid members will enjoy a 10 per cent. differential over the highest-paid NUM grade, and the British Association of Colliery Management whose members fit into salary bands, should be restricted to £6 increases.

The claim went in earlier this week and informal negotiations are expected in January with implementation not due until March.

Negotiations will also involve items such as early retirement service payments and a national concessionary coal allowance—all points that the NUM would like brought in as soon as Government policy permits.

A move by Mr Arthur Scargill to reopen the whole pay debate at a special one-day delegate conference was defeated by 15 votes to 9 on yesterday's executive.

# Engineering unions accuse employers over £6 policy

BY CHRISTIAN TYLER, LABOUR STAFF

UNION LEADERS of 3m. engineering workers protested angrily yesterday that the Government and the employers "had gone behind their backs" in interpreting how their national pay agreement is affected by the Government's £6 pay policy.

They decided to appeal to the Advisory Conciliation and Arbitration Service to bring the parties together and work out a joint interpretation.

Meanwhile, they have postponed any decision about what their next pay claim should be.

The protest came at a meeting of the Confederation of Shipbuilding and Engineering Unions' executive, in York.

It follows three days after the national committee of the Amalgamated Union of Engineering Workers' engineering section—the dominant union in the industry—decided to drop its opposition to the pay policy and back the £6 limit by an unexpectedly large majority.

The Confederation had been expected to endorse this stance and go ahead with drawing up the claim.

Yesterday's attack on the Government's handling of the pay policy does not mean that the 19 unions in the confederation have decided to oppose the policy itself.

But, according to Mr. Hugh Scanlon, AUEW president, they are angry because the Engineering Employers Federation has issued advice to its member companies after talking to the Department of Employment and without consulting the unions about how to offset nationally agreed increases against the £6 in local negotiations.

Mr. Scanlon said: "What is more amazing is that the Federation and the Department of Employment initially refused to give us any information about these contacts."

At the root of the argument is the employers' attempt unilaterally to work out a system for offsetting improvements to earnings from the national agreement against the £6 in order to determine what balance is left for local negotiations.

Because earnings differ widely between individuals in the industry there is a big administrative difficulty in calculating the offset, and the employers have apparently been advised to adopt a collective solution which could deprive some individuals of their full £6 entitlement.

Mr. Scanlon said there was no industrial action in response to this, but there had been many queries from the shop floor.

The improvements to earnings are in most cases small—perhaps around 40p a week. Most workers get only overtime and shift premium improvements from the national agreements because their local rates are higher than the national minima.

Under the last agreement, national rates were raised by up to £4 a week in April, £4 in November and £2 still to come in February.

Yesterday's meeting also proposed "minor modifications" to a resuscitated and—it is hoped—a speedier disputes procedure which is expected to be finally worked out at a meeting next Friday.

# ACAS probe into Swan Hunter

By Our Labour Editor

THE FIRST MAJOR inquiry into a company's labour relations by the Advisory, Concilation and Arbitration Service starts next month at Swan Hunter's Tyne shipbuilding yards.

Swan Hunter has had recurring labour troubles for some time and is now to be the subject of the sort of inquiry which the old Commission on Industrial Relations used to carry out before it was wound up and its inquiry work transferred to the new ACAS.

The inquiry will be headed by Mr. Alf Tennick, deputy controller of the service's Newcastle branch. The nine-strong inquiry team will also include officials from the ACAS inquiry branch in London.

It was agreed two weeks ago that the inquiry should take place and ACAS hopes to have its report ready by next June.

The investigation was touched off by the nine-week strike of outfitting and general workers which brought strong union demands for an inquiry to try to end the shipyard's recurring labour troubles.

For the moment, ACAS is collecting written information from both management and unions on the labour structure in the consortium and on how joint consultation is organised.

# Sacked workers' union urged to open its books

BY OUR LEEDS CORRESPONDENT

A REQUEST for the Electricity Supply Union to produce its books to determine whether or not it is a "sham" was made to the Leeds industrial tribunal hearing the appeal by the so-called Ferrybridge Six — the power station workers who were dismissed for refusing to join the industry's recognised trade unions.

The request was made by Mr. Alexander Irvine, counsel for the Central Electricity Generating Board. Mr. Irvine alleged that in 1972 the National Industrial Relations Court ruled that the ESU had no resources, experience or finance which a union had to sustain in order to fill an effective role.

Mr. Irvine told the tribunal: "It is for you to determine, having heard all the evidence, whether the objection of the six that the ESU provided better benefits than the National Joint Industrial Council Unions is reasonably based on an objective test.

"But if it is the case that the ESU is a sham union in the sense that it has none of the resources required to run an effective trade union—if it is what in company law is sometimes described as a shell, that is, a name without any real substance—it would be open for me to argue that preference for the ESU in such circumstances could not on reasonable grounds contribute to an objection to the four NJIC unions," said Mr. Irvine.

The tribunal was told that the ESU records, as required under the present legislation, were still in the course of preparation and did not exist in a form which could be produced to the tribunal.

Later Mr. David Gough, a full-time official of the Amalgamated Union of Engineering Workers, said there would be a full investigation into union membership at Fiddlers Ferry power station near Warrington. Mr. Gough was told by Mr Irvine that evidence had been given about nine welders there who were members of the Boilermakers' Amalgamation.

If it was the case, he had no idea how it happened—and it should not have happened, said Mr. Gough. The AUEW did not recognise Boilermakers' Amalgamation cards in the electricity supply industry and the matter would be investigated.

The hearing continues to-day when Mr. William Sarvant, the ESU general secretary who is one of the six applicants, is expected to give evidence.

# Ultimatum by busmen

A call for a national strike by Britain's busmen was made yesterday—unless the bus industry gets Government aid. About 50 delegates, representing 17,000 drivers, conductors and maintenance men in Yorkshire, North Derbyshire and North Lincolnshire, urged the Transport and General Workers' national committee for "militant action in the form of a national stoppage" if talks with the Government which start to-day on financial aid were not sucsessful.

# Prudential staff agree company's revised offer

BY OUR LABOUR CORRESPONDENT

PRUDENTIAL Assurance staff, who recently staged a three-week campaign of sanctions to secure the full £6 increase allowable under the Government's pay policy, have now accepted a settlement giving lower-paid staff initial increases of between £3 and £4.

A ballot of Association of Scientific Technical and Managerial Staffs members at the Prudential has come out in favour of the company's revised offer, which is expected to give all staff increases of £6 by next July.

Under the settlement, which may well influence other insurance industry deals, all staff earning over £2,310 a year will receive the full £6, paid as a supplement from October 1. Lower-paid staff will receive 13½ per cent. increases — the amount the cost of living has risen since an interim increase paid last April.

Salaries of the lower-paid category, who number about 1,000, will be reviewed next January and July when they will be brought up to match the rise in the cost of living since the initial October payment.

This attempt to safeguard at least some of the existing pay differentials has been closely watched by the other major insurance companies, most of which have annual wage negotiations coming up the next few months.

Meanwhile, the ASTMS is poised to win recognition at the Kendle-based Provincial Insurance company after a ballot which showed that staff were 984-563 in favour of the ASTMS representing them.

# NUBE request to banks on Discrimination Act

THE NATIONAL Union of Bank Employees has written to the chairmen of the five major English clearing banks asking them to give a declaration that the banks will fully implement the Sex Discrimination Act.

The Act comes into force on December 29 and NUBE said yesterday that it is "concerned to see that the banks carry out both the spirit and the letter of the new law."

Some 55 per cent. of the 200,000 staff of the five banks are women and young girls, and although equal pay has operated in banking for a number of years there are still some areas of fringe benefits where women do less well than their male counterparts, said NUBE.

Mr. Leif Mills, NUBE general secretary, added that "Although particular items will be dealt with in negotiations we feel that a general statement of intent from the banks would be most helpful."

During the first quarter of 1976 the sections of the Act setting up the new institutions under the Act, the provisions for new machinery to improve industrial relations and for trade union recognition will be introduced.

*The Employment Protection Act, 1975; HMSO, £2.45.*

# Newspaper battle theory

A PRINT union leader yesterday speculated that money being spent on new techniques by national newspaper owners might be the prelude to a Fleet Street newspaper circulation battle.

Mr. John Jackson, general secretary of the Society of Lithographic Artists, Designers, Engravers and Process Workers, writes in his union journal: "Do these investments in new techniques demonstrate a re-arming for an intensification of the circulation war or an investment in a long-term future?"

He continues: "Unless the leopard has changed its spots, we must fear that we are seeing preparations for a struggle in Fleet Street which will foreshorten rather than lengthen that period over which we might otherwise have expected to see the survival of the fittest."

Mr. Jackson says that the unions are being asked to accept fewer jobs now on the gamble that they can save a smaller number of jobs for much longer in the future.

He says that SLADE newspaper members in London and Manchester have made clear that they are not willing to accept unemployment.





FT WORLD BANKERS' CONFERENCE

# Pound 'should join more stable economic zone'

BY JOHN LEECH

IF BRITAIN decided to join a more stable monetary economic zone it would reduce the international pressures on floating rates, and there was no reason why the pound should not join a monetary zone, M. Louis Camu, honorary president of the Banque Bruxelles Lambert, told a conference of world bankers in London last night.

"There would be no need for a formal declaration of a return to "the snake" through managed floating, he maintained. The operators would soon realise what was happening.

M. Camu was winding up the two-day conference, organised by the Financial Times, The Banker and the Investors' Chronicle.

He said it was impossible to think of the creation of a stable European currency without asking bluntly what the pound would do. Inflation was the crucial factor and the efforts announced by Mr. Healey to combat it were beginning to pay off.

The question of joining the "snake" had political connotations, he realised, but it would be worth trying.

## Tribute paid

More than 200 international bankers heard him pay tribute to Britain's effort to secure a pooling of the reserves of the central banks of the Nine so as to achieve flexible stability of exchange rate as a "lost chance which will be a memorial to Lord Barber (former Chancellor)."

Why should Britain not participate in the much more limited effect of the stabilisation fund? he asked. If some countries did and some did not, hopes of an efficient solution to Europe's monetary problems would be much reduced. This would be the most important step the EEC could take to overcome the currency muddle.

Mr. Camu added: "There have been calamities since the war in the expansion of world trade. Certain central banks have handled them very well. One cannot praise enough the wisdom displayed by the Bank of England, with the full backing of the City, in some very tricky situations."

The conception, creation and imagination in the use of the Eurodollar market and then of Euro-currency "is a tremendous achievement of a system bristling with dangers caused by massive movements which disrupt and harm the balance of exchange rates and balances of payments distended by inflation, swept off course by the dangerous currents of the oil-producing countries."

The days when business problems were separate from other problems within a community were over. The growing intervention of the public sector in economic and financial problems arising from inflation, recession and monetary disorder and the pressure of public opinion, would cause difficulties in relations between the State and private bankers and central banks.

Referring to the U.S., M. Camu said Washington's reaction to foreign banks in the U.S. "is often a source of surprise to European bankers." The clauses of the future Foreign Banking Act were "surprising." This piece of legislation ignored the principles of non-discrimination between domestic and foreign bankers.

Mr. Minos Zombanakis, vice-chairman, First Boston Corporation and managing director First Boston (Europe), told the conference that because the current account surplus for 1975 of the OPEC countries had been estimated at not more than $36bn., with the 1976 surplus of a similar level, the industrialised countries now seemed to be living in a climate of euphoria. This was because they had increased their exports to OPEC in a way which helped them to "equilibrate" the impact of oil deficits and the banks had been able to handle the recycling problem.

But Mr. Zombanakis was not optimistic about the outlook because the projections made were very much influenced by a depressed oil demand which would increase if higher economic growth rates were achieved.

OPEC countries, he believed, would raise their prices to compensate for higher import prices. The present period of tranquillity thus should be used to consider ways of coping with the oil problem.

## Some problems

In his paper, Dr. Erik Hoffmeyer, governor of the Danish national bank, also referred to the exchange rate system. He put in a plea for a system of fixed rates between EEC countries and a common policy towards the dollar.

M. Henri Simonet, vice-president of the European Commission, spoke of his regret that almost two years of work had thus far failed to produce a unified banking regulation policy for the Community.

To some extent this had been caused by certain national problems, but also by the realisation that trouble in one market could spill over rapidly into the markets of other countries as well as into separate but related domestic markets. Several more months would be needed before a first directive could be forwarded for adoption by Ministers.

Mr. Ian Fraser, deputy chairman of Lazard Bros., referred to the point raised yesterday by Mr. Denis Healey, the Chancellor, in his lunch-time address to the conference, on longer-term bank lending to industry.

Mr. Fraser pointed out that the market price of money was now dictated by the Government and local authorities. The Government had priced industry out of the borrowing market.

The funds were undoubtedly there—five-year, ten-year, 25-year loans—but what industrial company could take on 25-year finance at 17 per cent. and hope to make a profit in the climate of price control and other forms of interference?

Other speakers yesterday were Dr. Michael von Clemm, executive director, Credit Suisse, and Mr. Andre de Lattre, president, Credit National.

M. Henri Simonet (left), M. Andre de Lattre and M. Louis Camu, who took part in the conference.

# Concorde's successor 'will be quieter'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A "SECOND-GENERATION" supersonic airliner, with advanced technology to make it quieter and more fuel-efficient, will be justified in about 10 to 15 years' time.

This view was expressed in London yesterday by Mr. Kenneth Wilkinson, vice-chairman of Rolls-Royce (1971), while delivering the annual Wright Memorial Lecture to the Royal Aeronautical Society.

"It is expected that Concorde will demonstrate the value of supersonic air transport for a sufficiently important segment of the market to justify a second-generation version for service at that time.

"Indications are that such an aircraft could be produced profitably with acceptable noise characteristics and economic operation at less than first-class fares."

But there would be justification for only one design—the world market might be only for 300 aircraft up to the end of the century—so that a further joint international venture, perhaps including the Russians as well as the U.S., would be necessary.

Discussing the broad future for world air transport, Mr. Wilkinson said he believed that between now and the end of the century there would be a four-fold growth in passenger traffic, and a ten-fold increase in freight traffic.

"Cargo growth can be expected to exceed that of passenger traffic anyway, but could be explosive if serious attention were given by the industry to the total distribution system of which it is part."

This expansion was likely to be met largely by providing developed versions of existing aircraft, rather than by the emergence of entirely new designs. Some exceptions, however, included new medium- and short-range aircraft in the 130-150 and 180-210 seat categories, with new types of "high by-pass ratio" engines and incorporating the latest technology in wing aerodynamics, materials and aircraft systems.

"The current unprofitability and overcapacity of the airlines is impeding the launch of these aircraft at the moment and it is important for the community as well as the manufacturers and airlines that this difficulty should be overcome."

# £16.9m. loan for Shetland oil harbour

Financial Times Reporter

(29.9m units of account) has been granted by the European Investment Bank to the Shetland Islands Council to help build an oil-tanker harbour at Sullom Voe, a deep-sea inlet on Mainland, the largest island. The terms are ten years, with an interest rate of 9½ per cent.

North Sea crude oil from the group of fields linked by the Brent pipeline system and from the Ninian Feld, about 90 miles north-east of Shetland, will be carried by two submarine pipelines to Sullom Voe.

The project is expected to cost about £50m. Apart from the purchase of the land, this sum includes building three T-shaped loading jetties, a cargo jetty, a tug harbour, navigation aids, a temporary "village" for the building workers, permanent homes, and a school.

The first oil is expected to be shipped out in 1977, and the following year the harbour should be in full use.

The harbour will help improve the employment situation in Shetland, whose prosperity in the past has been closely linked to the fortunes of agriculture and fishing and to the knitwear industry.

# Process claimed to double life of tyres

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

A NEW manufacturing process for tyres, developed by a British company, Retreading Equipment, was claimed yesterday to give double the life of a conventional tyre.

The technique, called Kenprest, is suitable for both new and retreaded tyres, and is also claimed to give improved puncture resistance and wet motorway stopping power. The company says that Kenprest will be suitable for manufacture and retreading all forms of pneumatic tyre, including those for private cars, aeroplanes and off-the-road vehicles.

Retreading Equipment, a retreading machinery and materials marketing organisation, came upon the new process by discovering that tyres became much tougher if compressed during manufacturing.

Several large tyre manufacturers have been approached by the company to take out licences on the Kenprest technique, which is already being used by a number of Retreading Equipment's network of concessionaires.

Retreading Equipment based at Alton, in Hampshire, claims that its new method of production is about 20 per cent. more expensive than that of an average tyre, but that the cost savings are still very substantial because of the product's longer life.

Already Kenprest tyres are obtainable as retreads for buses and commercial vehicles, and the makers hope that new and retreaded tyres for cars will be available soon.

# Steel output down 12½% in November

By Arthur Smith

STEEL PRODUCTION in Britain dropped 12.5 per cent. in November, compared with the level 12 months earlier.

Low demand both at home and overseas is reflected in the statistics, published to-day by the British Steel Corporation and the British Independent Steel Producers Association.

Though November output was well down on the previous year, at 402,000 tonnes a week, it is little different from October's level.

Consumers and merchants, it is believed, are still running down steel stocks, which remain high in relation to current rates of consumption. As yet there is no evidence of any general recovery in demand.

Production in the first 11 months of this year has averaged 388,500 tonnes a week—an 11.6 per cent. drop on the corresponding period of 1974.

# FINANCIAL TIMES REPORT

Friday December 12 1975

# TRADING WITH YUGOSLAVIA

Yugoslavia has not been immune to the current crisis in world trade and has had to take severe measures to protect the balance of payments. The prospects are brighter now, but the need to export remains paramount.

## Signs of better times

LIKE MOST countries in both East and West, Yugoslavia will remember 1975 as a trying year and one which forced it albeit reluctantly, to take some severe measures to keep things under control. But the first signs of improvement have begun to emerge which might indicate an easing of the situation next year, particularly on the trade front.

Yugoslavia's problems are the familiar ones of inflation, which achieved one of the highest rates in Europe, and a slowing down of the domestic economy. But the most critical has been foreign trade where the gap between imports and exports stubbornly refused to narrow despite a slackening in internal demand.

In fact the situation got so bad last summer that the Government was forced to impose sweeping restrictions on imports to staunch the flow and safeguard reserves. With only limited exceptions, all imports now require prior permission and this is only forthcoming for goods vital to the economy or to Yugoslavia's export drive.

These restrictions will be in force until the end of this year when the Government will have to decide whether to extend them or introduce a less drastic import regime. Quite how it acts will, of course, depend on how it views the prospects. And though there are still very basic weaknesses, notably on the Western trade front, these look a little better than they did during the June emergency.

At that time the cumulative trade deficit was $1.59bn., which was in the region of the country's total foreign reserves, and imports were running at twice the rate of exports. A further cause for worry was that in volume terms, Yugoslavia's exports were actually declining, though this was disguised by their inflated value.

The reasons were a combination of slackening demand for Yugoslavia's traditional export goods as well as tight curbs on imports of meat products like baby beef and canned pig meat into the EEC, formerly one of Yugoslavia's most lucrative markets.

At the same time the Belgrade Government's tolerance of a high industrial growth rate of over 10 per cent. a year meant that there was strong internal demand which both stimulated imports and diverted an unnecessarily large proportion of Yugoslav production on to the home market.

Clearly, there are political reasons for maintaining a high growth rate when unemployment is increasing and living standards are threatened. But it has taken several years for the counter-argument — that it does no good to the balance of payments—to sink into Belgrade's policymakers.

Unpleasant though it may be internally, the recent decline in industry's hectic performance may be one of the healthiest signs yet that Yugoslavia is adjusting to economic realities. The current rate of 5-6 per cent. annually may turn out to be much closer to what Yugoslavia can stand, if a little on the low side.

A sign of Yugoslavia's growing optimism came in a speech at the end of last month from the Prime Minister Mr. Dzemal Bijedic at the Federal Assembly meeting.

Apart from confirming that inflation was slowing down, the Yugoslav Premier said that October had been the fourth consecutive month in which the trade deficit had been smaller than in the corresponding month last year, and that this trend was accelerating. In July-October, he said, the overall trade deficit was $340m. less than in the same period of 1974, bringing the ten-month cumulative deficit below the corresponding figure for last year.

Mr. Bijedic also said that October had brought a considerable increase in exports, including those to the hard currency zone, and that the amount of export business being concluded was also rising. Foreign currency reserves, he added, were sufficient to meet all foreign obligations. Reserves currently stand at around $1.4bn.

But brighter though the prospects look, Yugoslavia is unlikely to relax its restrictions quickly or even substantially after January. There are other fundamental problems that will take a long time to solve and one of the main priorities for 1976, as Mr. Bijedic suggested, will be the substitution of imports.

### Deficit

The situation could not continue, he said, where Yugoslavia exported only $4bn. while it imported $8bn., and that more than half these imports came from the highly developed countries of western Europe where Yugoslavia's trade deficit was at its greatest.

Mr. Bijedic then went on to attack the West for imposing import curbs without regard to how this would affect other countries. The state of the balance of payments and the foreign liquidity of the country should be a matter of joint concern, he said.

This is a familiar cry from Yugoslavia which has long sought to shift its western trade from an ad hoc basis on to a long-term footing which guarantees a balanced two-way flow. But the volume is being turned up to match the economic stringencies of the day.

In the first ten months of 1975 Yugoslavia imported $3.8bn. from the West but only managed to export $1.2bn. or less than a third as much. And there is now no mistaking Yugoslavia's disenchantment with what it regards as the unfair treatment it is receiving from western quarters.

Co-operation, and what Yugoslavia understands by the term, is discussed in another article in this survey. But it should be noted here that western observers of the Yugoslav trade scene believe the prospects for any country or company now wishing to trade with Yugoslavia are small unless the deal includes some kind of counter-purchase arrangement, so urgent is Yugoslavia's need to export.

Furthermore, Yugoslavs are gloomy about the prospects for an easing of the EEC's import restrictions, particularly on meat products, though talks have just been re-engaged. They also fear the possible effects of British import curbs on sensitive items like textiles and shoes which account for over a quarter of their sales to the U.K.

Overlying these worries are weakening trends in Yugoslavia's two biggest sources of invisible earnings, tourism and workers' remittances. Although tourism is expected to earn as much as $1.1bn. this year by the time private transactions are taken into account, this does not represent as big a percentage increase as that registered by some other tourist countries and the prospects for next summer are not the brightest. Similarly, the western recession has reduced scope for Yugoslavs working abroad, and their remittances have not risen as strongly as before. Officials now expect the year-end deficit to be around $1bn. against $1.3bn last year.

So the Yugoslavs' main concern is to boost exports to West Europe and balance its trade in that direction. And until it makes headway, the prospects for a substantial easing of imports curbs must be deemed small. The best that can be hoped for in January is the introduction of an import regime that looks less like a panic measure and more like selective control. Even so, the chances of any company concluding a straight sales deal with Yugoslavia in the coming months must be remote unless its goods are absolutely vital to the country.

**David Lascelles**
*East Europe Correspondent*

## Export drive

ALTHOUGH this year's export drive has not been very satisfactory, some sectors have fared better than others.

Statistics show that while in the first ten months of 1975 the volume of exports was 5 per cent. down on last year (though 6 per cent. up in value), exports of beverages and tobacco were up 14 per cent. in volume (40 per cent. up in value), food exports up 9 per cent. (13 per cent.), machinery and transport equipment up 2 per cent. (28 per cent.) and manufactured articles up 6 per cent. (17 per cent.).

On the other hand, exports of inedible raw materials, except fuels, were only 71 per cent. of the volume and 70 per cent. of the value of those in January-October of 1974, while exports of manufactured goods classified chiefly by material were 87 and 96 per cent. of last year's respectively. There were two even worse cases: animal and vegetable oils and fats (fall to 77 per cent. in volume and 82 per cent. in value) and fuel products (29 and 30 per cent.). But their share in total exports is low anyhow.

Comparing the national increase of 6 per cent. in the value of exports with the achievements of individual republics and autonomous provinces, one can see that some of them did better than others. (Kosovo with index 133, Croatia 113 and Vojvodina 109), while others increased the value of their exports less than the national average (Montenegro and Macedonia could show an index of only 97 each, Bosnia and Herzegovina 101, Serbia proper 102, Slovenia 104). Bearing in mind price increases, only Kosovo, Croatia and possibly Vojvodina could claim real increases in their exports.

But no matter how one looks at it the conclusion is inescapable that the vital 10 per cent. export growth target has not been reached. True, the international situation has not been favourable. But neither was the internal climate, characterised by inflation of between 25 and 30 per cent., which priced many Yugoslav products out of foreign markets, while at the same time making it more profitable to sell at home than abroad.

However, the fact that some industries and republics improved their exports in spite of all this suggests that more could have been achieved.

The Slovenian-based Gorenje firm expects exports of household appliances to reach $50m. this year, which would be 54 per cent. up on last year. Gorenje has already got export orders for half its 1976 production. Another firm from Slovenia, Litostroj, manufacturer of heavy equipment, has been hailed for exporting three times more than it imports.

In the machinery and transport equipment sector which hopes to increase the value of its exports this year by 40 per cent. exports of railway vehicles and ships have been disappointing. However exports of engines and parts and of metal-working machinery will not only compensate for those but earn a lot more than last year. This is important as this sector now accounts for more than a quarter of Yugoslav export earnings.

Exports of leather manufactures are expected to earn more than in 1974 despite many diffi-

CONTINUED ON NEXT PAGE

# TRADING WITH YUGOSLAVIA II

# Learning the ropes will pay off

THE UNIQUENESS of the Yugoslav economic system has produced foreign trade practices which look strange to newcomers, even those who have had dealings with Socialist countries. For while Yugoslavia is essentially a market economy, only certain organisations may deal in foreign trade; and although the dinar has reached the stage of semi-convertibility, foreign exchange is as carefully husbanded as in Comecon.

So the Yugoslav market should be approached carefully and with a sound knowledge of laws and procedures. At first sight these can be offputting. But though complicated and subject to sweeping change at a moment's notice, this should not obscure Yugoslavia's strong desire for foreign trade, nor the rewards that patience can bring.

The basic feature of Yugoslav trade is that it has only been partially liberalised. Although the Belgrade Government has frequently announced steps to achieve total liberalisation, these have usually been checked by economic setbacks or downturns in world trade to which Yugoslavia is vulnerable. Delays and postponements have therefore been frequent, and liberalisation still has some way to go.

## Benefits

Imports are governed by a dual system of tariffs and quotas organised on the basis of two principles. The first is that products must be of benefit to Yugoslavia generally. This means they must conform with the aims of current economic policy such as investment in primary resources (now top priority) development of agriculture, enlargement of the heavy industrial base, or the modernisation of the Yugoslav economy generally; though this list is not exhaustive.

Yugoslav planning has never been as comprehensive as other Socialist countries' and economic policy is not always easy to pin down in detail. However, efforts are currently being made to draw up an economic plan for the rest of the decade which should give useful indicators.

The second principle is that preference will be given to materials, and components or machinery, to strengthen Yugoslavia's export potential. With the current pressure on the balance of payments and the economy's poor adjustment to foreign trade, this principle has come to be the most important. In fact, goods that do not strengthen export industry or serve the second aim of import substitution are unlikely to be allowed in to Yugoslavia just now.

Since last June this import "filter" has been further restricted by a total ban on imports with certain exceptions, and an even stronger linking of the right to import with a compensating flow of exports.

This ban is due to expire in less than three weeks' time, so it need not be described in detail. However, an outline description would give a clue to Government worries and a possible indication of what will replace it in January.

The ban covers most consumer goods, a wide range of production materials and even some raw materials. Significantly, the main exception is goods being imported under a long-term co-operation agreement, but other goods may be let in under the second principle, the strengthening of export potential.

Internally, the Government is striving to group firms into enterprises with balancing import-export activities so that they become, so to speak, self-financing in regard to foreign exchange. In any case, a firm that imports must also export unless it plays an exceptional role in the economy. These changes were demanded by the new constitution approved last year and have been backed by other legislation.

Whatever import regime the Government imposes in January — and anyone trading with Yugoslavia is advised to familiarise himself with the way Belgrade thinks—the prospects for trade in the classic sense of sales and purchases of goods will be small.

For this reason a would-be exporter should prepare a flexible offer to meet the country's growing insistence on "co-operation" which can mean anything from counter-purchase deals and compensation agreements, to joint ventures or deals involving sales to third countries.

## Locally

A good tactic is to offer the product in kit or component form, or as a concentrate which the Yugoslavs can work on themselves and add value to locally. This may reduce the value of the sale to the exporter, but the deal could compensate by being long-term.

Alternatively, sales of licences or compensation deals for which payment is made with the production of imported equipment should be considered. Offers which include possibilities for sales to third countries using the exporters' sales networks will also get preference.

As the present ban has shown, deals of this kind tend to get preferential treatment in trade legislation, and the greater security they enjoy is an attraction that Belgrade goes out of its way to foster.

But counterpurchase presents problems because the lists of possible components offered in exchange can be too narrow. Would-be exporters have also complained of lack of precise details, and the suddenness with which regulations can change. Shortages of foreign currency also make it difficult at times to obtain import licences.

The law on joint ventures allows 49 per cent. participation by foreign capital, and partial repatriation of profits. But the rules (which are governed by ideologically-based fears of foreign take-overs) are still considered to be insufficiently generous by some Western business circles, and the number of ventures actually concluded is not very high. However, there are persistent reports that Belgrade is examining ways of relaxing the rules to attract more capital this way.

In making his approach to the Yugoslav market the exporter should take great care in choosing his partner or agent because good ones covering all republics are in short supply. The agent should have access to a foreign currency account because he will be little help without one.

Because of the dangers of corruption, there are strict rules governing the employment of Yugoslav nationals by foreigners. But if the exporter wants to engage the services of a particular Yugoslav, he can ask his agent to employ him.

This applies particularly to lawyers whose services may be necessary to guide the exporter through Yugoslavia's foreign trade legislation.

Exporters are also advised to do their own market research because locally available information though reasonable, may not be full enough for an exporter with a new or unusual product.

A foreign businessman's main official contact is likely to be the local branch of the Federal Economic Chamber, which is represented in all the republics. The Chamber is the main channel for Government economic policy and all trade deals must receive its approval before thay can go ahead.

A final word of advice from businessmen who have dealt with Yugoslavia for some time, is, have patience. Several years and a lot of effort may be needed to conclude a big contract, but most would say it was worth it.

**David Lascelles**

# Co-operation goals

YUGOSLAVS CONSIDER that the simple purchases and sales of goods are increasingly incapable of bringing about big rises in foreign trade, especially with developing countries. New —or higher—forms are necessary, such as industrial, technical, financial, and other co-operation, joint ventures, and the like.

In all trade negotiations Yugoslavs are therefore asking for wider co-operation in addition to mere trade. Internally, legislation favours it through tariffs, and fiscal and other instruments. When import restrictions had to be introduced earlier this year, goods exchanged under long-term industrial co-operation agreements were excepted.

This basic approach varies, depending on whether co-operation is with developing, Western or Comecon countries.

In the first case, Yugoslavia is usually the more advanced partner and is willing to share its technology to help establish a project. It will also provide the machinery, equipment, and credits, send its experts and workers, train local personnel, receive locally-produced goods in payment, terminate its participation when the host country deems it necessary, and so on. The aim is to increase trade and co-operation among developing and non-aligned countries, and to find new outlets for Yugoslav exports. In addition, it is felt important to establish such economic relations as a model for Yugoslavia's broader aims.

This is why the Yugoslavs ask their more developed partners in the West or the East to accept the same principles. It all boils down to one thing: whatever the deal, it should be of mutual benefit. Of course, they are realistic enough to know that people act in their best interests, but they also hope these will be viewed in a longer-term perspective, and not just in terms of quick profits.

## Technology

What Yugoslavia wants from co-operation is new technology and know-how to meet local demands in a market which is open to foreign competition (to the extent the balance of payments allows) and to boost exports. This objective is also served by market research and export promotion done together with the foreign partner, using his experience, and his sales and servicing network abroad. Another objective is to obtain technology and capital to develop local mineral and other resources.

Yugoslavia tries to be selective in its projects for co-operation, giving preference to priorities set by economic plans and policies. At the moment these are raw materials, food and energy production.

Over the years Yugoslav firms have concluded hundreds of co-operation agreements with foreign firms. They include licensing, industrial and technical co-operation, specialisation, division of labour and markets, financial co-operation, representation, servicing, hiring of spare capacity and labour, and many others.

Of particular interest are joint ventures. Yugoslavia embarked upon these years ago but without a clear idea as to how they would develop. The main fear was that they would serve as a tool for the takeover of the Yugoslav economy by multinationals. So the first steps were cautious. But as experience grew the rules were relaxed. Now the complaint on the Yugoslav side is not that they are too numerous and that there is too much foreign capital, but the contrary.

At the moment between 120 and 130 joint ventures are registered with the Federal Committee for Energy and Industry. Total foreign equity is between $150m. and $160m. which means that the average is barely above $1m. Of some significance is the fact that 1975 saw the first two joint ventures in agriculture, although both were very modest (one with an Italian firm for soyabean processing, the other with an American firm in maize production).

An important vehicle for joint ventures is the IFC-sponsored International Investment Corporation for Yugoslavia which has its registered office in Luxembourg, its main administrative office in Zagreb, and its treasury and division for dealing in the Euromarket in London. The IICY recently (on October 1) got a new president, Mr. Paul Lakers, previously the managing director of Chase Manhattan in London.

By January 1975 the IICY had arranged 25 joint ventures with a capital cost of about $700m. That was only one fifth of the total number, but they accounted for $71.5m., or 46.7 per cent. of the total for equity investment in Yugoslavia by that time. In 1975 three new joint ventures were arranged but not yet registered. The first, for the manufacture of vynil wall coverings, was between the Yugoslav firm Pazinka and Storey Brothers, U.K. The second was for production of frozen vegetables, frozen ready-to-serve food, ice cream etc., between the Beograd Agriculture Combine and Unilever. The third was between Incel, a Banja Luka based manufacturer of pulp and paper, and a West German consortium, for the production of 60,000 tonnes of chromo-cardboard. Total capital cost for all three is $90m.

The IICY has some 25 projects in the pipeline. In addition it has arranged new credits for five existing joint ventures totalling $32.8m.

New or amended legislation is under study for international economic co-operation in general to give a new impetus and to reduce foreign partners' grounds for objections.

Yugoslavs also have complaints against their partners in various co-operation deals. They would like more attention to be paid to priority sectors and infrastructure instead of the processing industries. They suspect that a high proportion of them were concluded to avoid tariffs and other protection measures and gain unhindered access to the Yugoslav market. Nor do they like short-term arrangements, low capital investments, or the fact that the Yugoslav side is often banned from profitable markets which are reserved for the foreign partner. But they hope things will improve over the years.

The Federal Government last month reviewed Yugoslavia's long-term industrial co-operation record and concluded that it should be further developed because it contributed to the advancement of technological and economic co-operation with other countries and thereby to the wider inclusion of the Yugoslav economy in the international division of labour. As a result federal agencies have been asked to propose—within the framework of preparations for the new 1976-80 plan—adequate measures to promote such co-operation.

**Aleksandar Lebl**
*Belgrade Correspondent*

# Exports

CONTINUED FROM PREVIOUS PAGE

culties. Shoe factories, for instance, exported 17.5m. pairs of shoes (9m. to the USSR and 4m. to West Germany) in the first nine months and hope to export well over 20m. pairs, by the end of the year, earning more than $200m. Two main exporters are Borovo and Lada.

A similar industry, ready-to-wear textiles, has also encountered obstacles but can nonetheless be counted among the more successful. In the first half of this year it increased the value of its exports by 47 per cent., but mostly to non-hard currency areas. Exports of men's and ladies' garments went up 54 per cent. and of the latter alone 206 per cent. Best results were obtained among others by Varteks, Kamensko, Beko, Kluz and Mura.

The common traits of these success cases are a long-established export orientation and traditional markets and partners which transcend the ups and downs of trade. If at a given moment they do not make big profits, or even incur a loss, they stick to their long-term objectives. Other firms are less willing or able to behave in that way.

Another common trait is adaptability to changing circumstances. When in 1974 and especially in 1975 it became more difficult to export to the Western markets, they found new ones, in the East and in the Middle East. Such is the case of the Bek meat industry which will increase its exports this year to 230m. dinars from last year's 150m. dinars.

Mention should also be made of firms which do not export goods but nevertheless make an increasing foreign exchange contribution to the country's balance of payments. That is the case of many Yugoslav construction enterprises which work in East and West European countries, in Africa, in the Near and Middle East, and even in the Americas and places like Papua New Guinea. That is also the case with Yugoslav shippers and certain Yugoslav agricultural combines who are helping some countries develop their agriculture.

**Aleksandar Lebl**

PARLIAMENT

THE COMMONS could not continue to flout the wishes of the overwhelming majority of the people on the death penalty for terrorists, Mr. Ivan Lawrence, Tory MP for Burton said yesterday, writes Philip Rawstorne.

One year, 30 bombs, ten dead and 243 injured since MPs had rejected the re-introduction of capital punishment, Mr. Lawrence called on the Commons to reconsider its verdict.

Civilised punishment had failed to deter terrorism, he said.

Mr. Lawrence, setting the tone of the debate, said he hoped that no one would think he enjoyed advocating the death penalty. "It is a penalty I find truly nauseating and repugnant — but no more so than the carnage of the terrorist."

Failure to act, he claimed, would increase violence. "If we allow the law breakers to dictate our laws instead of the law-makers, is it not the beginning of the end?"

His sentiments were cheered from the Tory benches. But they were strongly opposed by Mr. Ian Gilmour, "shadow" Home Secretary. Security and police chiefs were against capital punishment because they believed it would do more harm than good, he said.

"We would be deluding ourselves if we did not expect that the execution of a terrorist would be preceded and followed by a marked increase in atrocities and reprisals," Mr. Gilmour declared.

Former Home Secretary, Mr. Robert Carr, agreed that the death penalty would not help the war against terrorism. But, like other abolitionists, he was clearly concerned about the need to reassure public opinion.

From the Labour back benches, Mr. John Mackintosh, sought to do so by stressing the practical legal problems of introducing capital punishment for terrorists as well as the inevitable martyrdom that would follow. It would not be the IRA's victims but its gunmen who would be remembered, he said.

# We cannot continue to flout call for death penalty—MP

SINCE THE House last voted on capital punishment a year ago, there had been 30 bombs in England in which 243 people had been injured and — by divine providence — only ten killed, Mr. Ivan Lawrence (C., Burton) said in the Commons yesterday.

Moving a motion demanding capital punishment for terrorist offences causing death, Mr. Lawrence said that the Commons could not go on flouting the wishes of the overwhelming majority of people who were calling for the death penalty.

"If the terrorist believes we are frightened by his threat of reprisals into not introducing capital punishment, he will gain a victory. There is a very real chance that our failure to take action will in the end escalate violence, killing and terrorism."

Life imprisonment had failed as a deterrent to terrorists and more innocent lives would be saved if the death penalty was re-introduced.

"I hope, by advocating capital punishment, it will not be thought that I enjoy doing so. It is a penalty I find truly nauseating and repugnant but no more than the carnage by which terrorists deprive the lives of innocent people.

"Civilised punishment has been tried and failed to deter. Now we must try something less civilised."

## Martyrs

To those who argued that supporters of capital punishment wanted vengeance, he argued that it was better to institutionalise feelings of vengeance, so that the State could be vengeful after the law had taken its course, than to wreak vengeance privately.

Mr. Lawrence attacked the argument that a sympathetic jury might acquit a 19-year-old girl who faced the death penalty. "There are some 19 and 20-year-old girls whose crimes are so hideous that a jury would want them to be removed."

Martyrs were created by life imprisonment as well as by capital punishment. The "martyrdom argument" cruelly misjudged the Irish people because it presupposed that they were

MR. IVAN LAWRENCE
"Civilised punishment has been tried."

behind the terrorists and would make martyrs of them. The Irish people were not behind traitors who murdered people.

On the argument that the death penalty would increase the number of hostages taken, he said that hi-jacking of airliners was usually to release people from imprisonment. Kidnapping to secure the release of terrorists would be a waste of time when they were dead.

Mr. Lawrence said no-one could say whether the death penalty would lead to more reprisals. "If the terrorist believes we are frightened by his threat of reprisals into not introducing capital punishment, he will have gained a victory.

"If we allow the law-breakers to dictate our laws, instead of the law-makers, is it not the beginning of the end?"

Eleven days ago a public opinion poll had given the figure of 88 per cent. of people supporting this motion. "We should not ignore public opinion." If capital punishment were not introduced, an increasing number might take the view that Parliament was irrelevant, with irrelevant laws which need not be obeyed.

More people might resort to self-help, producing greater lawlessness, retaliation and reprisals, and possibly counter-terrorism. "It is my belief that Parliament and the people have far more to fear from saying 'No' to capital punishment for terrorist offences than from agreeing to this motion."

Mr. Ian Gilmour, "shadow" Home Secretary, said an overwhelming majority of people wanted hanging brought back, and the House should be very chary of flouting that tremendous weight of opinion.

However, it was generally accepted that juries were more reluctant to convict when death was the penalty. And while some people might be deterred by capital punishment, others would be stimulated to terrorism.

"We would be deluding ourselves if we did not accept that the execution of terrorists either here or in Northern Ireland would be preceded and followed by a marked increase of terrorist atrocities and reprisals. More soldiers and more policemen would be murdered."

It would increase sympathy and support for the IRA on both sides of the Irish Sea and in the U.S.

"I am against the restoration of capital punishment because I think the security argument is even more important than the democratic argument. It is because I believe executions would produce more terrorism and more murders rather than less that I shall vote against this motion."

Mr. Hugh Fraser (C. Stafford and Stone) said the State should take back the power of the penalty of death. "The public are frankly baffled by some of the statements which have been made by leading politicians from both sides of this House."

Mrs. Helene Hayman (L. Welwyn and Hatfield): "I think that the terrorists will dictate to us if we vote for this motion to-night. They will be making us say that we have only one answer to their violence, and that is our violence. They will be making us adopt the politics of despair."

Mr. Robert Carr (C Carshalton), a former Tory Home Secretary, said that in spite of the increase in terrorism, he was still against the use of capital punishment.

"I agree strongly with the Leader of the Opposition that, in moral terms, the purveyors of death have forfeited their right to live. But this is not the question we actually have to answer. What we have to judge is whether to accede to that forfeit would put the brake on terrorism or not. In my judgment, it would not."

## Decades

Mr. Roy Jenkins, Home Secretary, said that although the first desire of Irish terrorists was to deal out death, it would be a "profound mistake to believe they are not themselves prepared to become involved in part of the grisly deed.

"There could be few things more humiliating and counter productive than to introduce a much proclaimed deterrent which promptly proceeded to break in our hands.

"There will be no amnesty. I recognise no political excuses for cold-blooded crimes of murder or maiming. Those who have committed them will serve for decades and in some cases until the end of their lives."

The Metropolitan Police Commissioner had told him that the "prospects of police being able to deal successfully with kidnappers would be weakened and the risk to lives of hostages would be greater, if the death penalty existed for terrorist murder."

Mr. Jenkins added: "We should be very careful not to encourage the view that capital punishment is a policy of guts, and resistance to it is a policy of softness."

He assured MPs: "There will be no lack of resources for carrying to the uttermost this battle against terrorism, no giving in, and no irresolution.

"Nor will we seek the false remedy of arming ourselves with a weapon, superficially attractive to many, but not merely ineffective against the enemy but a danger to our own cause," he added amid Labour cheers.

# Confidence returning on farms says Peart

Financial Times Reporter

CONFIDENCE is returning to Britain's farms, Mr. Fred Peart, Minister of Agriculture, claimed in the Commons yesterday.

He cited the improvement in beef prices, the considerable increase in milk production compared with last year, and the expansion in the pig breeding herd as evidence that recovery was on the way after "some measure of retrenchment."

Mr. Peart accused some Conservative MPs, who remained critical of Government policies, of indulging in "gloom."—a charge which was repudiated by Mr. Michael Jopling, the "shadow" Minister, who agreed "things are certainly not so bad as they were."

But agricultural production, he said, was still likely to be severely reduced this year. If it was to increase on the lines envisaged in the Government's White Paper, expansion would have to be at a rate of something like 3½ per cent. per annum in the remaining period up to 1980 instead of the 3 per cent. which had been suggested.

Mr. Peart maintained that the White Paper had set out an objective rather than a target. He was anxious to help the farming community both in the annual price review determinations, preparations for which had already begun and in negotiations with Britain's EEC partners.

He stressed: "I intend to hold on to what I achieved in Brussels in relation to the beef regime."

# Next week's business

MONDAY: Debate on Rate Support Grant orders.
TUESDAY: Debates on the motor vehicle industry, and on motion to aprove Privileges Committee report relating to exclusion from the precincts of Mr. Knight and Mr Schreiber.
WEDNESDAY—Debate on employment and on measures for saving jobs.
THURSDAY: Proceedings on the Consolidated Fund Bill.
FRIDAY: The House will rise for the Christmas recess and resume on Monday, January 12.

# Baby death row: Tory MP says Mrs. Castle has duty to keep hospitals open

BY JOHN HUNT

UPROAR broke out in the Commons yesterday over the case of the five-month-old baby, Seema Bhola, who died after being turned away from two London hospitals because they had closed their emergency wards as a result of the junior doctors' pay dispute.

Labour backbenchers howled in fury when Mr. Michael Shersby (C., Uxbridge) said that it was the responsibility of Mrs. Barbara Castle, the Social Services Secretary, to ensure that hospitals were open at all times.

Labour MPs took this to mean that the Tories were blaming Mrs. Castle for the baby's death and Dr. David Owen, Minister of State for Health and Social Security, condemned it as a "disgraceful and political" attack on her.

Mr. Eric Heffer (Lab., Walton), shouting at the top of his voice above the din demanded that Mrs. Margaret Thatcher, the Tory leader, should dissociate herself from the remarks.

Mr. Shersby, in whose constituency the tragedy occurred, had put down a private notice question on the death which was answered by Dr. Owen because Mrs. Castle was at that moment holding a further meeting with the junior doctors.

In his reply, the Minister said that he had asked for an immediate report on the case from the Hillingdon area health authority and would then consider whether to hold a formal inquiry.

Mr. Shersby demanded: "Does the Secretary of State realise that in the eyes of my constituents and millions of decent people in this country it is her responsibility. . . ."

At this point his remarks were completely drowned by angry roars from the Labour benches with MPs demanding that he should withdraw his "monstrous" allegation.

But Mr. Shersby doggedly continued: "It is her responsibility, I repeat, to see that patients can gain immediate admission to a hospital in an emergency. Whatever the rights and wrongs of the dispute with the doctors, it is the duty of the Secretary of State to ensure that the hospitals of this country are open night and day.

"The time has come to resolve this unhappy dispute with the doctors so that my constituents can gain admission to hospitals when they need urgent treatment."

In measured tones, Dr. Owen urged him to consider very carefully whether he should withdraw his remarks. "He has made a very serious allegation against my right honourable friend at a time when the whole House

DR. DAVID OWEN
"A disgraceful attack."

wants a resolution of this dispute," the Minister said.

"He has personalised the attack in a very political and, I think most people outside this House will feel, a disgraceful way."

To angry Conservative shouts of "Rubbish," Dr. Owen went on: "I believe it will not help the atmosphere in the wider dispute in the country or in dealing w[ith] the tragic circumstances of [this] death if these sort of personal[ised] attacks are made."

Mr. Selwyn Lloyd, the Speak[er] then appealed for calm and t[ried] to bring the exchanges to a cl[ose]. But Labour backbenchers [and] Mr. John Pardoe, for the Liber[als] protested that other MPs sh[ould] have an opportunity to reply [to] Mr. Shersby's attack.

Mr. Pardoe was ticked off [by] the Speaker when he said [that] Mr. Lloyd had allowed one [side] of the House to give a "tot[ally] false and damnable impressi[on] of MPs' feelings."

There were Conservative c[ries] of "No, no" when Mr. Heffer [pro]tested that Mr. Shersby had [said] that Msr. Castle was respons[ible] for the death of the baby. [The] Speaker interrupted again to [say] that he had listened very c[are]fully to Mr. Shersby's rem[arks] and that he had not made [the] allegation.

Despite Tory shouts of "[sit] down," Mr. Heffer added: "[The] Leader of the Opposition m[ust] make a statement in this H[ouse] dissociating herself from th[ese] scandalous and sham[eful] remarks. If she does not. . ."

At this point, the Speaker [fin]ally brought the exchanges [to a] halt so MPs did not have [the] opportunity of hearing w[hat] action Mr. Heffer intended [to] take.

# Ex-Minister wants pensions inquiry

BY JOHN HUNT

A PROPOSAL that the Government should set up an independent inquiry into the inflation-proof, non-contributory pensions of civil servants and public service workers was made in the Lords last night by Earl Jellicoe, the Conservative peer.

Lord Jellicoe was Leader of the Lords and Minister responsible for the Civil Service at the time of the 1971 Act which introduced the inflation-proof pensions. Yesterday was the first occasion he has spoken in the House since his resignation from the Tory Government two and a half years ago.

He said that he would like to see an inquiry into the system as a whole and its operation. One thing it could report on would be whether or not the pensions should continue to be non-contributory.

If inflation were not brought within reasonable limits and if the disparity between private and public sector pensions became too great, there could be some ceiling or temporary limitation on them. The inquiry could recommend whether such limitation should be general throughout the Civil Service or just apply to the larger pensions.

It could also consider whether due account had been taken of all the circumstances surrounding the pensions—whether, for instance, due weight had been given to the relative security of employment in the Civil Service.

He thought it important that the inquiry should look at the question of Civil Service pay and pensions together as they were linked by an "umbilical cord." It should also cover the whole area of the public service and not just civil servants. The inquiry should be at a high level and independent so that it was not open to a breath of suspicion that the Civil Service was "preserving a succulent dish to itself under wraps."

Trade unions and representatives of the employers' side in the public and private sector could be associated with the inquiry and the report should be published in full.

He personally hoped that it would recommend a more open system of pay research in future and the establishm[ent] outside Whitehall of some f[orm of] standing body to review pay [and] pensions subject to the ove[rall] directives of the Governmen[t of] the day.

However, Lord Jellicoe stre[ssed] that he did not think the Gov[ern]ment should move away from [the] principle of inflation proo[fing] just because of the tempo[rary] difficulties over the high rat[e of] inflation. He declared: "It wo[uld] be a great mistake to put [the] clock back."

## Salary

For the Government, L[ord] Shepherd, leader of the Lo[rds] and Minister with day-to[-day] responsibility for the C[ivil] Service, said the Governm[ent] would keep the infla[tion] proofing principle under rev[iew] and look at it in the contex[t of] the economic situation next y[ear].

But the Government would [be] wary of interfering abruptly [or] frequently with long-term p[en]sion arrangements.

"The principle of inflat[ion] proofing is a sound one wh[ich] should command general s[up]port," he declared.

Much of the criticism in [the] Press had been downright ma[lici]ous, he said. He argued th[at it] was really a misnomer to [say] that the pensions were non[-con]tributory. They were taken [into] account in deciding the lev[el of] salary increases for civil serv[ants].

A deduction was made [in] the Civil Service pay rat[es to] reflect the difference bet[ween] their pension scheme and [out]side ones. In this respect, i[t was] obvious that civil servants [paid] for their benefits just as [other] workers did.

Lord Orr-Ewing (C.), [who] initiated the debate, said th[e] cost of the pensions for [civil] servants and public se[rvice] workers was £910m. a yea[r. A] civil servant could retire [and] take another job, and hav[e his] pension put in cold storag[e].

"Amazingly, when he ge[ts it] because it is inflation-pro[of it] may be double its size," he

# Import curbs statement 'a few days away'

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

INTERNATIONAL pressures, secretly applied, are not the reason why the Government has delayed the anticipated announcement about selective import controls—now to be made "certainly next week."

The suspicion that difficulties had been put in the way of Britain applying trade restrictions during negotiations on the issue, were brushed aside by Mr. Harold Wilson, Prime Minister.

"There have been no international negotiations on this matter," he said at Question Time in the Commons. Mr. Edward Short, Leader of the House, later added the assurance that the expected statement was now only a few days away.

Mr. Wilson acknowledged that although there had been no negotiations, "certain procedures" would have to be followed, and those procedures had not yet started.

But the reason why the statement had been held up was because of the "very difficult situation of negotiations on Chrysler."

At another point in the exchanges, the Prime Minister again referred to the Chrysler consultations and an inter-relationship between this problem and that of import contr[ols] "and that is why there ha[s been] this delay."

From the Labour backbe[nches] he was told he had a "[golden] opportunity" next wee[k to] appear as the "Santa Cl[aus of] Lancashire" by anno[uncing] import controls for the [textile] industry.

Mr. Mike Noble (Lab., [Rossen]dale) urged the Prime M[inister] to avoid the alternative "[Christ]mas role of Scrooge."

Mr. Wilson, perhaps w[ishing] to avoid arousing over-la[rge ex]pectations, pointed ou[t that] neither the CBI nor th[e TUC] were in favour of general controls.

At the same time, ther[e were] cases in which a comp[any or] a sector of industry, fo[r whom] very existence threatened [had] created different conside[rations].

The Prime Minister strengthened the hope [that] something in due course [would] be done to help the [small] businessman.

With appeals to th[e] coming from both sides [of the] House, Mr. Wilson assur[ed them] that the Government wa[s] trying to find some way [of pro]viding appropriate he[lp for] deserving small busine[sses in] need of it.

# Tea estates pledge by Sri Lan[ka]

ASSURANCES have been obtained from the Sri Lanka Government that it will pay compensation to former British owners of nationalised tea estates in accordance with international law, Lord Goronwy-Roberts, Minister of State, Foreign Affairs, said in the Lords yesterday. Replying to Lord Avebury (L), he said: "It is for the Government of Sri L[anka to] decide the basis on wh[ich com]pensation will be assess[ed. The] amount to be paid is a m[atter for] agreement between it [and the] companies."

Replying to Oppositio[n spokes]man Earl Cowley, the [Minister] said that negotiations [between] the Sri Lanka Governm[ent and] the companies would st[art next] month.

# The Executive's World

EDITED BY JAMES ENSOR

Michael Donne analyses the problems facing Lord Beswick

## The need to bolster confidence

OVER THE NEXT few weeks, Lord Beswick, the first chairman of the British Aerospace Board, will be holding some highly private discussions with management in the industry, seeking to build up the team he will need to help him plan the smooth transfer to State ownership.

This quietly spoken, 63-year-old politician has been given one of the most difficult tasks anyone could have in Britain to-day—trying to work out a plan for the acquisition of an industry before the relevant legislation authorising that take-over has even passed through Parliament—so that it could still theoretically be killed—and in the face of almost implacable hostility from the industry itself and the Parliamentary Opposition. He has to draw up his plan so that if and when the Bill becomes law, and vesting day is announced, it can swing smoothly into action, causing minimum disruption to an industry producing exports worth £800m. a year and making a major contribution to the defence programme, whilst operating in close collaboration with many foreign partners and customers. To that extent, Lord Beswick is working in a vacuum, without knowing whether or not his work will come to fruition—although both he and the Government are determined that it shall.

Lord Beswick

At present, the Government is hoping that it will win through, and that vesting day for the nationalisation of the industry will be around next mid-summer—say, July 1. This gives Lord Beswick roughly six months in which to draw up his plans—none too long for an industry as complex, volatile and individualistic as aerospace.

The man himself has been subject to some unpleasant criticism since his appointment a week ago, which he has shrugged off calmly. Privately, he has been bouyed up by many expressions of goodwill he has received from a large number of people in the industry (often from middle management as well as the shop floor) and offers of help from trades union leaders and industrialists who have recognised the toughness of the task.

Much of the criticism has centred on Lord Beswick's lack of industrial experience, and especially in aircraft manufacture. In fact, his aviation expertise is greater than many in the industry are prepared to admit, although most of it has been gained at the political end of the business, as a Parliamentary Private Secretary to an Air Minister, Parliamentary Secretary to a Minister of Civil Aviation, and a Minister of State for Aerospace himself, as well as a special adviser to the chairman of the BAC and a vice-president of the British Air Line Pilots' Association. This background is likely to prove invaluable in helping him to create the necessary relationships between the new British Aerospace Board and the Government, especially since in the early years of its existence that Board is going to need substantial Government funds for investing in new civil and military ventures, such as a new medium-range airliner, at a time of strict control over all Government spending. This kind of relationshp is not likely to be created by a thrusting, dynamic industrialist with little or no political finesse.

The way Lord Beswick sees his role, in fact, is more that of an *eminence grise* than as a chairman seeking all the limelight. He is thinking in terms of appointing a chief executive, from among a short-list of five of existing top people in the industry. Whoever this will be—and even Lord Beswick does not yet know—will be running the companies that are taken over, with the existing managements as intact as possible, after the inevitable resignations of a few top figures. The chief executive's task will be to try to ensure as much continuity as possible while the long, and perhaps painful, task of welding the four companies into one goes on.

The objective must be to make the change-over as smooth as possible, in the sense that major existing production ventures, such as the Concorde, the Multi-Role Combat Aircraft and the Jaguar jet strike-trainer, are not in any way disrupted. The physical consequences of nationalisation, in terms of factory or airfield closures, or perhaps even redundancies, will come later, perhaps not until 1977 or after that, when the new ventures for the future have been established and their demands on the industry's resources clearly known.

Apart from this domestic reconstruction, Lord Beswick will face the problem of bolstering foreign confidence in the industry, avoiding any erosion over the next few months because of the threat of nationalisation, or fears of what will happen if it is achieved.

Lord Beswick has recognised this, and sees it as one of his main tasks to maintain a dialogue with foreign manufacturers on the possibilities of collaboration on future designs. He recognises that it could be potentially disastrous for the industry's executives to have their attention distracted by the nationalisation issue from their real task of establishing new liaisons for the future as well as maintaining the momentum of existing programmes.

At the same time, he recognises that markets overseas, and foreign manufacturers, are not likely to wait for the U.K. to complete its internal aerospace reconstruction before determining their own new programmes. Even if no new ventures are decided upon over the next six months, at least a good deal of preliminary planning will be done, and Lord Beswick sees it as vital, for example, that the work now being done by the informal Group of Six European aerospace manufacturers, including BAC and HSA, on defining likely new civil projects for the future should continue.

All of this is not going to be done by a small team, despite Lord Beswick's determination to ensure that there will continue to be a major element of decentralisation in the British Aerospace Board. He is thinking in terms of building up a team of about 20 to 30 people of considerable experience in the industry. His problem is where to find them. Clearly, dominating the minds of many men in middle and even top-management is the thought that nationalisation is far from home and dry, and that there is still perhaps an even chance of the Bill being killed. Thus, any middle management invited to serve on Lord Beswick's organising committee might feel constrained to refuse, out of both loyalty to their existing employers and out of concern for their own futures should the Bill be killed.

To overcome this, Lord Beswick is hoping to be able to convince the industry's current leaders, hostile though they may be, that in the long run they have nothing to lose by co-operating with him. He is hoping that he may be able to persuade them to "lend" him a number of able executives, on the condition that they can return to their existing jobs if the Bill gets killed, or stay with the British Aerospace Board if nationalisation goes ahead. The logic behind this is that while it may be possible for the very top management to step sideways on nationalisation into other jobs in industry, many of the second-rank management, even at director level, cannot. For them, continued employment in aerospace is vital—it is the only industry they know, and their knowledge and expertise will be equally vital for Lord Beswick. Given guarantees of their old seats back again, with the alternative prospects of good careers with the Aerospace Board itself, Lord Beswick hopes that enough men of the right calibre can be attracted to his team.

In fact, everything really depends, so far as the nascent Aerospace Board is concerned, on getting this team together soon, and with it a chief executive of real industrial stature. At this stage, Lord Beswick does not want to go outside the industry for the talent he needs, although he recognises that he may well have to.

Although no one can guarantee what will happen to the progress of the Bill through Parliament, it does seem likely that, as it moves further through Committee Stage, its chances of survival will become clearer. This in turn could influence the thinking of many in the industry as to the wisdom or otherwise of collaborating with Lord Beswick. By, say, February or March, the picture could be very different from to-day. Nationalisation may be dead, in which case Lord Beswick's task is ended—unless the Government chose to revive the Bill. On the other hand, it could be well on the way to becoming a *fait accompli*, in which case Lord Beswick's task would become much less tough, although he even would admit that the financial, administration and human problems would remain considerable.

A leading academic analyses the importance of Sandilands

## It is about the bottom of the list

BY PROFESSOR PETER STANDISH *

THE SANDILANDS Report and ensuing debate in the Press about the merits of its proposals have thrust questions of profit measurement and asset valuation into the public eye as never before. What may usually be regarded as recondite subjects, of interest only to accountants, are properly seen to be of crucial importance for questions of wealth distribution and risk investment.

Two events of importance have occurred since release of the report. First, the Consultative Committee of Accountancy Bodies has given its reaction to Sandilands. Secondly, the Government has indicated its desire that practical problems of implementing CCA (current cost accounting) be urgently examined, with a view to CCA becoming the future basis for company accounts. In the light of these developments, it is appropriate to take stock of where we have got to and what might be achieved by changing the basis of accounting.

Mr. Francis Sandilands explaining the implications of his report to young chartered accountants.

### Essential

There seems little doubt that many people look to adoption of the Sandilands recommendations or of some form of inflation accounting as essential for continued corporate survival. But this confuses effects with causes. British enterprise will not flourish until the capital market gains confidence that opportunities for profitable investment exist and unless business succeeds in taking advantage of those opportunities. This in turn requires a blend of factors, such as managerial skill, labour co-operation, genuinely supportive government policy and so forth, seen to operate fairly successfully in a number of countries. Inflation accounting probably comes about on the bottom of the list of factors crucial to business profitability and competitiveness, at home and abroad, of British business.

Thus it is ironic that the countries in which there is the most active concern about inflation accounting, Britain, Australia and, to a lesser extent, U.S., seem to be those in which the corporate sector is under most pressure. In Germany, Sweden, Japan, company profits are determined in arbitrary ways which induce feelings of horror or scorn in the English-speaking accounting profession. Yet British business is constantly exhorted to emulate the success of business in those countries. Of course, undervaluing assets and manipulating reserves, as is widely practised in those countries in order to deflate and smooth out profitability, is theoretically indefensible. Such practices give accounting a bad name and in a political environment critical of business are probably counterproductive. To avoid this, to develop a basis for profit measurement seen to be sensible and realistic, is therefore worthwhile.

The accounting profession's response is rather grudging. The CCAB Memorandum states:

> *We think that a substantial improvement in the quality of information given in accounts should not be further delayed by the prolongation of a debate which has already gone on for too long.*

Yet most of its seven pages is devoted to advocating the case for some form of CPP accounting or reporting. Understandably, Sandilands posed an enormous problem for the profession in light of its previous support for CPP accounting. However, the Sandilands proposal that stocks and fixed assets be accounted for in terms of their moving market prices, or estimates of those prices, is accepted by the CCAB and the Government as desirable, removing at least that part of the subject from continued debate.

Much steam evidently remains in the issue of whether companies gain from being in debt during a period of inflation, and conversely whether holders of debt lose. Obviously, lenders are at higher risk during inflation because a variety of political and commercial pressures make it very hard for them to price money to achieve a satisfactory rate of return. For lenders generally it is reasonable to compare their rate of return with average movements in prices and hence with estimates of changes in the purchasing power of money. Their problems therefore need to be considered realistically by government in deciding tax policy and policy toward income and wealth distribution. As we see all too clearly, the price for collapse of lender confidence is very high—to the whole community.

But how would introduction of CPP adjustments into accounts ameliorate this problem? Purchasing power gains are always determined by reference to average price level movements. But a measurement of this kind is merely a statistical abstraction. It tells us nothing about what is actually happening to the affairs of either lender or borrower. The Sandilands system is built exclusively on the rock of money prices and money transactions (or approximations to them), matters which are factual and capable of systematic observation.

Purchasing power gains or losses are quite different in conception. Nobody is banking or paying out units of purchasing power. Nobody is able to buy goods at the supermarket by tendering units of purchasing power. Nobody in fact has been able to show how gains from borrowing create an additional financial capacity for buying, selling and investing. Nowhere is there any empirical evidence to show that the capital market places a higher value on the equities of companies in a net borrowing position or a lower value on the equities of lender companies. To take a case in point, the highly geared secondary banks involved in the property market and others recently collapsing like ninepins cannot generate enough earnings to service their debt structures. To argue in cases like this that they are achieving gains on debt is patently absurd.

The irrefutable parameters of financial performance are the receipts and expenditures of a business and the cash values of its net assets. Imputation of average purchasing power gains on debt will not alter these facts one iota. Moreover, information on average price movements is public information, available to all and sundry. We do not need companies to tell us what hypothetical effects inflation is having on their affairs or on our affairs as investors, lenders or employees. We can, if we believe in the utility of that form of analysis, work it out for ourselves.

### Realistic

It is vital that the steering group, when appointed, should adopt a clear and realistic view on this subject. The Government now appears to recognise that business must become more profitable, for the good of the whole economy. But profit means nothing unless it is strongly correlated with net cash inflows from operations, after allowing for cash required to replace assets sold or used. It is only those operating cash inflows, together with capital raised in the market, which generate capacity for investment and innovation.

The main contribution to be made by the steering group will be in the development of accounting standards for recognising holding gains and losses on stocks and fixed assets, for valuing those assets in current cost terms, and for arriving at a realistic measure of operating profit. There are practical problems to be dealt with here, such as how to develop estimates of fixed asset replacement costs which reflect both changing prices and technology. If a workable system of CCA can be evolved, tailored to the needs of individual businesses, it will produce much better accounting data for costing and pricing purposes than are now generally available to management. As argued earlier, better information alone cannot make business satisfactorily profitable, but it should concentrate the mind wonderfully.

* *Professor of Accounting and Financial Reporting, the London Business School*

OOK REVIEW

## Worker owners

'he Responsible Worker" by ;eorge Goyder. Published y Hutchinson. £3.45.

EACH of the past two :ades, George Goyder, a :cessful industrialist, has :sented his credo for busi- :s. In the 1950s it was "The :ture of Private Enterprise" :owed in the 1960s by "The :ponsible Company" in :ich he argued, well ahead of : time, the need for social :ountability of companies.

:is new book is likely to :se less of a furore if only :ause the central idea—to :olve the worker more in his :apany—is already a much- :ated issue.

:ut his argument does add an :ra dimension to the debate : worker democracy by sug- :ting a new structure for the :pany or public corporation. :ithout such a reconstruc- : it is idle to expect men, : the trade unions to which : belong, to give their :lty again to work and the :kplace," is his conviction.

:erhaps the most radical of : recommendations is the :nge in the status of the :reholder to that of a :litor, involving the redemp- : by the company of its :es.

:he philosophy behind this is : there is little benefit in :ing remote owners of a busi- : once the original invest- :t has been adequately :arded—a view which has :n argued before, notably by : George Copeman, a prota- :ist of employee share owner- :, like Mr. Goyder.

:he main advantage of com- :ory share redemption out of :its is that it returns scarce : capital to the market for :vestment in new ventures. : though a dynamic company will need continual new capital and so never entirely pay off its shareholders. This sentiment to give employees a substantial stake in their own company has strong merit, but there are easier ways to achieve that goal.

Yet the principle of redemption is at the heart of Mr. Goyder's vision of the new company—one that has its own legal existence and gives its workers the same legal status as its owners. This heightened status, he argues, is essential to knit a closer identity between worker and company.

The most important right of a worker member would be job security—not the sort of security that means no redundancies but one that implies an agreed procedure for deciding on lay-offs and a willingness by the worker to be redeployed in the firm; plus a creation of a redundancy fund to help those who decide, or are required, to leave.

Unfortunately, the author skirts the issue about exactly what kind of worker representation the new company should have. Although he is in favour of worker directors, he is against the two-tier board.

The general theme is developed in a list of six criteria for corporate responsibility. Apart from partial employee ownership and worker members, he recommends an independent social audit appointed by management and responsible community and consumer relations. Finally, instead of a company's memorandum, the new company would have a general objects clause giving management a basis on which its performance can be judged including its statutory duties towards the community and the consumer.

ROY LEVINE

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FRIDAY, DECEMBER 12, 1975

# Confrontation in steel

THE OBJECT of yesterday's meeting between representatives of the British Steel Corporation and the various trade unions concerned in the steel industry was to give the latter an opportunity of suggesting ways in which the Corporation could meet its aim of cutting some £200m. of costs—most of it on labour costs—in the next financial year. The unions had been given some weeks in which to prepare themselves for the meeting and had been warned that it would be crucial: means of cutting costs to the necessary extent had to be arranged before the end of the year if they were to be brought into effective operation by the beginning of next April.

Yet the target set by the Corporation was so high that full agreement seemed unlikely, and in the absence of agreement the Corporation had left itself no choice but to go ahead unilaterally with labour-saving plans. That is in effect the position after yesterday's abortive meeting. The Corporation now means to abandon the guaranteed weekly payment for men on short time, to declare a fairly large number of steelworkers redundant, and to close (temporarily, but perhaps not so temporarily) various small and obsolete plants. If this seems high-handed behaviour, the Government must take a large part of the blame.

### *Rate of loss*

The basic facts of the situation are clear. The BSC announced last month that it had incurred a record loss of £125m. for the first half of its current financial year and that prospects for the second half were substantially worse. It is unwilling to continue borrowing at the present rate and believes that the unexpectedly severe effect of the world recession on the domestic steel industry makes it necessary to proceed with even greater urgency than it already wished with various proposals which it put forward long ago to cut costs. These fall into two main categories. The first is the closure of obsolete and inefficient plants, which are quite unable to meet foreign competition and have been kept open so long only for social reasons. The second is a major saving in labour costs—in part, perhaps, through an extension measures already agreed with the unions, but for the most part, inevitably, through the enforcement of tighter manning standards.

The Government has not until now given the Corporation the backing to which it is entitled in this respect.

### *Industry policy*

Yet Mr. Healey has publicly affirmed over and over again the need to reduce the public sector deficit and, in particular, to get the financing of the nationalised industries back on to a commercial basis. Even more to the point, the joint statement on industrial strategy which he and Mr. Varley presented to the Chequers meeting of the National Economic Development Council early last month laid great emphasis on the need for getting to grips with the long-term problems of British industry, whether in the public or private sector, on the mistakes which had been made in the past over investment strategy, and on the need to improve the relatively low productivity of labour in many British industries.

That statement was intended to help restore the confidence of the business community in the Government's approach to industrial problems, and was to some extent successful in doing so. The Steel Corporation is a prime example of a basic industry which needs to invest heavily in the rationalisation of production and to improve its grossly-uncompetitive manning standards if it is to fulfil the hopes which the Government has put forward for industry as a whole. With the departure from the Ministry, first of Mr. Wedgwood Benn and then of Lord Beswick, it has at last seen a glimmer of political light and is seeking to take the initiative into its own hands. It has the right to demand full support from the Government in this attempt to fight its way out of an indefensible situation, even if it is decided that the taxpayer should bear the cost of mitigating the social consequences.

# No rapid change in Madrid

THE CONFIRMATION of Sr. Carlos Arias Navarro as Prime Minister of Spain has been followed by the selection of a Cabinet which is exclusively composed of figures from the existing establishment, most of whom have previously held office under General Franco. It is too early to say that King Juan Carlos' first government will not be a liberalising government, but it already seems highly probable that any moves in the direction of liberalisation will be small, slow and cautious.

The new King's own preferences remain shrouded in doubt. Should he wish to see decisive moves to reform the Franco régime which he inherited, he has at all events failed, partly for reasons connected with the mechanisms of the constitution, partly because of pressures from the established advisers surrounding him, to secure a government which can be taken as an unmistakable symptom of new intentions in a new era.

### *Options*

For the time being the King may judge that the danger from the extreme right wing is more real and, above all, better organised than that from the left-wing and centre opposition groups. The left-wing parties are seriously divided, and the need to operate by more or less clandestine methods makes it difficult for them to set up effective national organisations. The strikes called for this week, in part to reinforce demands for greater democracy, have so far proved to be rather scattered affairs, and while they are now being represented as a trial run for a bigger effort in January, the régime can conclude that it has, at the least, a little more time in which to size up the options facing it, and to fix on a medium-term strategy.

Even in the absence of any clear indications on the medium-term strategy, however, the government will still have to decide on a whole series of law-and-order questions which will in effect establish the tone of Juan Carlos' régime, and these decisions may well prove crucial in determining how much time and how much freedom of manoeuvre it has for longer-term strategy. Will it ease back on restrictions on the Press, and on the activities of opposition figures? Will it continue to arrest priests who advance liberal political views? How will it deal with peaceful demonstrations? These are the kind of questions which will press daily on the new government, and most particularly on the new Interior Minister, Sr. Fraga Iribarne.

### *Questionable*

As a strong personality, and one who refused to launch a political "association" under General Franco because official restrictions imposed by the Government were too illiberal, he is unlikely to follow without question the law-and-order policies of his predecessor, and will no doubt attempt to assert real control over the activities of the police.

It is far from obvious, however, that time is on the side of the conservatives in Spain: it is even less obvious that time is on the side of the new King if he opts for conservatism as the line of least resistance. It may well be accepted by most Spaniards that some weeks, possibly a few months, must elapse after the death of General Franco before his successors can make any decisive break with the régime which he symbolised. If the weeks and months pass without clear signs of a wind of change, there is an evident danger of political polarisation in the country and of an escalation of violence. Perhaps the conservatives could retain their hold on affairs through the military and paramilitary forces. But the King will remain the prisoner of the conservatives unless he can obtain some form of popular legitimisation.

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With Australia going to the polls to-morrow, most voters appear glad the election campaign is over

# Post-election problems ahead of Australia's poll victors

From KENNETH RANDALL, Canberra, December 11

ACCORDING to all the objective evidence, the Australian Labor Party is headed towards a crushing defeat in the general elections to-morrow. In the space of a week, Labor's campaign, spearheaded by Mr. Gough Whitlam, the former Prime Minister, has lost both direction and momentum. The opinion polls have turned decisively against Labor and the drama of just one month ago has somehow turned into boredom for those relatively few voters who will tip the scales.

For most practical purposes, the full-scale campaign ended last night. A quaint legalism dating back to the earliest days of broadcasting requires that electioneering cease on radio and television two clear days before the poll, ostensibly to give serious-minded voters the opportunity for tranquil reflection on the great issues presented to them.

But there have been no great issues accepted by the voters who occupy the critical middle ground of Australian politics. They are about to confirm one of the conventional wisdoms which says that Governments lose elections, and oppositions do not win them, even when an election comes about in such extraordinary circumstances.

It now seems strikingly apparent that, outside the regularly committed partisans, judgments have been made in the broad—on the memory of three years of economic downturn, inept management and general turbulence. The events of November 11, when the Governor-General removed the elected Government and insisted on the third elections in three years, proved to be a five-day wonder.


Glen Cenna

Left: Liberal Party supporters cheer Mr. Malcolm Fraser, Australia's caretaker Prime Minister, at an election rally at Perth. Right: Mr. Gough Whitlam, sacked as Premier by the Governor-General a month ago amidst a storm which rapidly became a five-day wonder.

## Consistent trend

The latest batch of polls on voting intentions give margins of as high as 12 per cent. in favour of the Liberal Party-National Country Party coalition, which is hardly credible. If it was reflected uniformly across the nation, a movement of this size would produce a non-Labor majority of more than 70 in a House of Representatives of 127 members.

But the consistent trend of polling in the past three weeks has been against the Labor Party. Even allowing for marked regional variations, the harder-headed Labor strategists acknowledge now that they are fighting for respectable defeat as opposed to unmitigated disaster. That much they still may achieve.

A return of some support to Labor could be expected in this final week of the campaign, if only on a sympathy basis, so great is the appearance of overkill. Unlike the electronic media, a uniformly anti-Labor Press continues its part in the campaign right up to polling day (barring repeats of a 24-hour strike this week by journalists of Mr. Rupert Murdoch's News Ltd. group in protest against alleged biased coverage). But the newspapers, like the middle-ground voters, are little interested in the issues brought out by the campaign.

In an editorial tirade of more than 2,000 words yesterday morning, for example, the Melbourne *Age* canvassed practically every issue raised in the past three years. Labor's two greatest failures, it said, were to have misread the economy ("We dismiss as misleading the claim that most of this inflation has been forced on us from outside"), and to have "threatened to change the nature of Australian society beyond any electoral mandate" ("We may be wrong about the second point: if so, we will admit the error on December 15"). In the end, the *Age* decided that a "fundamental issue" was the loans affair—the bungling attempt to raise 4bn. petrodollars (U.S.) which led to the sacking from the Cabinet of Mr. Rex Connor, the former Minerals and Energy Minister, in October. Constitutional questions did not rate a mention.

The loans affair has also been engaging the attention of Mr. Johannes Bjelke-Petersen, Queensland's fiercely anti-Labor Premier. Unbeknown to his Cabinet, Mr. Bjelke-Petersen sent Mr. Wally Rae, his London Agent-General (and former Cabinet colleague), and a senior police officer to Switzerland looking for loans ammunition to use in the election campaign. In the State Parliament this week, he announced success—evidence to show, he said, that two Labor Ministers stood to receive substantial "kick-backs" if the loan negotiation had come off.

But Mr. Bjelke-Petersen said he could not produce the evidence or name names because of his belief (confirmed nowhere else) that a Royal Commission was likely to be appointed by the incoming Federal Government. Brisbane's normally faithful *Courier-Mail* was moved to protest against such tactics. Dr. Jim Cairns, the former Treasurer, called the Queensland Premier "an irresponsible liar." The *Australian Financial Review* added: "On what he has said so far that may be a charitable description."

Before he moved to force the election, Mr. Malcolm Fraser, the Liberal Party leader who is now Prime Minister in the caretaker Government, sought assurances from the major newspapers that the method of bringing about an election would not in itself be an issue. Whether he got such assurances at the time was not clear, but the results in the past three weeks must be gratifying.

Labor supporters have certainly not played their game with kid gloves, either. The Liberals have complained bitterly about a broadcast on a Melbourne ethnic radio station suggesting to Greek migrants that many of them would be deported by a Fraser Government. They have alleged a widespread whispering campaign claiming that Mr. Fraser planned to slash age and invalid pensions. And Mr. Whitlam himself has encouraged speculation that the American CIA played some part in the downfall of his Government.

Since the letter bomb incidents in the week of Labor's dismissal, the campaign has been free of physical violence. But in other respects, no holds have been barred. Dr. David Butler, of Nuffield College, Oxford, the British election-watcher, observed this week: "An election that has witnessed such immoderation in language, such polarisation of parties, augurs ill for the pursuit of consensus. Whether the Liberals win or Labor, the temptation to rub salt into the wounds of the vanquished, to use the government machine in a partisan demonstration, are very great."

Comparable temptation exists also, of course, on the losing side and in areas outside Parliament and the machinery of Government—especially in the most likely event of a Labor Party defeat. At a Press conference last weekend, Mr. Whitlam was asked what his attitude would be to the blocking of supply in the Senate next year if Labor was in a position to do so. "I would be against it," he said, "but I don't think I would be able to hold the troops." The issue will not arise on present indications, but the prospect of extra-Parliamentary guerilla action from the trade union wing of the Labor movement is taken very seriously.

One of the Labor Government's successes was to develop a system of wage restraint based on indexation—the linking of pay rises to officially-measured cost-of-living increases through the machinery of the arbitration commission. As a tradeoff, nominal control of profits [was] established through the Pri[ces] Justification Tribunal, a b[ody] with full power to examine [but] none to enforce its determi[na]tions.

Mr. Fraser has promised [to] abolish the Prices Justificat[ion] Tribunal but to continue w[age] indexation (with progressive [in]troduction of tax indexation [to] preserve real wages). In [the] union view, this is simply fr[eeing] prices while holding do[wn] wages. Even a growing body [of] business opinion has come [to] regard it as an unproduct[ive] provocation. In many cases, [and] especially for some of [the] country's biggest compan[ies], the Prices Tribunal tends [to] legitimise, rather than de[ter,] justified price increases.

This week there were si[gns] that Mr. Fraser might be [back]ing away from his abolition [pro]mise but, until the signs [are] confirmed, relations with [the] unions will be hostile. [The] Labor Party has not hesit[ated] to depict drawn-out confr[onta]tion between a Fraser Gov[ern]ment and the trade unions a[s an] inevitability. Some degree [of] politically-inspired indus[trial] action may well be unavoida[ble].

## Coasting to victory

As he sees himself coasting [to] victory, Mr. Fraser may [be] prompted to re-examine seve[ral] other aspects of his polic[ies,] especially in the economic fi[eld.] Having agreed to take over [the] great bulk of Labor's spend[ing] programmes, the essential poi[nts] of its budget, and having add[ed] about $Aus.1.1bn. expenditu[re] (on a full year basis) of his o[wn,] Mr. Fraser has raised a mu[lti]tude of questions for the te[ch]nically-minded so far as sh[ort-]term prospects for the econo[my] are concerned.

To the end, however, th[ey] have remained unanswered. [His] blunt refusal to deal in s[uch] specifics, or to discuss the lik[ely] structure of any Government [he] formed ("one of Mr. Whitla[m's] precedents that I do choose [to] follow,") have attracted negl[ig]ible public criticism. At [a] Canberra luncheon to sum [up] his campaign this week he w[as] constantly applauded for it.

In that sense, the electi[on] campaign is finishing on a no[te] almost as extraordinary as t[he] one on which it began. T[he] committed are more firmly co[m]mitted than ever: the oth[ers] appear thoroughly sick of it a[ll.]

After starting on the the[me] that the election was about [the] preservation of Parliament[ary] democracy, Mr. Whitlam and [his] former Ministers became p[re]pared to argue any issue t[hat] might capture interest—but t[hey] have been unable to find o[ne.] Mr. Fraser and his careta[ker] team, on the other hand h[ave] given up saying anything.

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# MEN AND MATTERS

### Trimming the Bank's network

I recall one of the clearing banks managed some time ago to use "our roots are our branches" in its advertising, but the same could not really be said of the Bank of England which is a bit short on branches. Away from the Old Lady herself in Threadneedle Street, there are seven around the country, just one in London, and a representative office in Glasgow.

Even that network is being reduced by one at the end of business to-day with the closure after almost a century of the Bank's Law Courts branch. The Venetian style building which houses the branch is going on the market (the Bank owns the freehold, as with all its branches) and the 30 staff deployed elsewhere.

The regional offices are responsible for bank note issuing and collection, foreign exchange matters, and for keeping an eye on industrial trends and needs in their areas. This last activity assumed particular importance in the early part of 1974 during the three-day week, and the process has been steadily expanded and included the appointment earlier this year of Sir Henry Benson as the Bank's industrial adviser.

The Law Courts branch has performed quite a different function. In 1725, 29 years after the Bank of England started in the house of its first governor which stood on the site of the present headquarters, it was decreed that all moneys involved in court business should be paid into an account at the Bank. Clearly the reliability of the-then banking opposition was in some doubt.

Until 1881, the business was transacted at the Bank's head office. That year, a branch was established in the newly built Royal Courts of Justice, and in 1888 the present building, separated from the Gothic law courts by Bell Yard, came into use.

Not all the branch's work was bound up with what is termed the Supreme Court of Judicature under which come the appeal court, the High Court, Queen's Bench division and so forth. There are also a few private accounts, and some commercial concerns connected with the law bank there, as do Bank staff and pensioners. However, from Monday, new Supreme Court Funds rules come into operation and all cash lodgements into court will be made at a cashier's section in the law courts. The account, naturally, will remain with the Old Lady, but as a Bank spokesman puts it, the branch is "an extravagance in this day."

### Sailors' perks

Tales of drunken trawlermen are one of the side issues to the escalating cod war. But an unlikely source puts such tales into some sort of perspective: the laboriously titled *Report of the Medical Officer of Health for the Port and City of London for 1974* reports that in 1767 the victualling allowance for merchant seamen (inclusive of fresh fish caught) included seven gallons of beer per man per week.

It doesn't take much working out to show that the 1767 seaman was allowed eight pints of beer a day as a matter of course. The medical officer's report states that "it would appear that the copious supply of beer was provided to wash down food, which, after many weeks at sea must have tasted far from appetising." However modern brewing experts reckon that for the beer to keep it must have been pretty strong stuff.

In those days the beer would have been unlikely to have survived in acceptable form for any longer than the food if it did not have a high alcohol content—which lends stability to the product, and a lot of hops in the brew. Therefore it is a moot point as to whether the beer was used to wash down the unpalatable food, or to anaesthetise the recipients.

### French encore

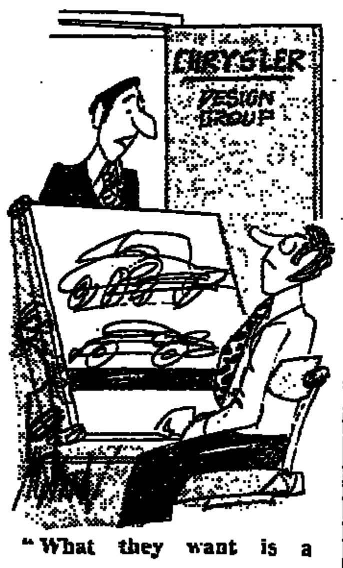
Yesterday, I suggested the British Post Office take note of the curious decision by its counterparts in France to put telephone call charges up and installation charges down. Perhaps the CBI ought to take French lessons too.

As in Britain, French businessmen in the mass feel themselves increasingly under pressure from other sections of society. Private companies have been blamed for under-investment (even for too much at one stage), causing unemployment, generating inflation and for blocking social change.

Lately, antipathy towards some of them has taken a dramatically tangible form. Certain youngish magistrates making little secret of their Left wing sympathies have imprisoned bosses after fatal accidents to employees. Even if not under that extreme threat, most businessmen argue that they have been taxed to the brink of ruin.

This week came the big counter-blast. The Patronat, France's equivalent of the CBI, booked a five-cinema complex on the Champs Elysées and sent out 85,000 invitations to an extravaganza of slick PR films, literature, and onstage appearances by some of the leaders of industry. The aim is to put across the message that business was the driving force behind the post-war boom and that it is very alive to the reforms percolating throughout society.

Unusually, the unions have refrained from counter demonstrations and even obvious potential hecklers seemed to be silenced with ease yesterday, absorbed as they were by reading Patronat handouts.




"What they want is a design that will outsell Ford and Vauxhall but not Leyland."

### Seedy

My sympathy goes out to the cricket club groundsman whose delivery of grass seed contained some stray pansy seeds. It queered his pitch.

*Observer*

POLITICS TO-DAY: THE CIVIL SERVICE

BY DAVID WATT

# Private prejudice and public money

WHEN the salaries of top civil servants were increased last January a man whom I had better call "an eminent personage" remarked that in revolutionary times it was just as well to make sure that the bureaucracy and the armed forces had plenty of inducement to stay on our side of the barricades. Quite so. But what if the inducements necessary to this end feed the flames of the revolution?

We have not quite got to that stage yet, but the question at least points in the right direction. The civil service has been subjected to more criticism and abuse in the last six months than at any time since the 1920s, when a similar furor broke out. The flavour of this attack can be gathered from newspaper headlines like "Whitehall's happy laughing boys" or "Civil servants and the public trough" or "The pseudo-jobs holding Britain back." The general picture painted is that of a monstrous army of well-heeled paper-pushers who landed us all in the economic mess and now sit back fending off the consequences from themselves while the rest of us suffer.

It is a sweeping indictment and one which is reminiscent of the classic onslaught of the Northcote-Trevelyan Report on the unreconstructed civil service of 1853: "Those whose abilities do not warrant an expectation that they will succeed in the open professions . . . are placed in the civil service where they may obtain an honourable livelihood with little labour and no risk: where their success depends on their simply avoiding any flagrant misconduct and attending with moderate regularity to routine duties: and in which they are secured against the ordinary consequence of old age or failing health by an arrangement which provides them with the means of supporting themselves after they have become incapacitated."

In modern terms the specific accusations are, first, that the Service is too large, second that it is too highly paid, third that its pensions and job security are too high and finally that it is incompetent.

## Debate

A good deal of discussion has already taken place on these points in recent weeks, including a full-scale debate in the House of Lords yesterday, and it is not necessary to go over all the arguments in detail. When one comes to look at the figures, certain conclusions are indeed, perfectly obvious. On the size of the civil service, for instance, the proper target should not be the civil service itself but the Government which adds to its functions all the time. Of course, there is always a need for constant streamlining and it is arguable that no post-war Government has been nearly ruthless enough with the civil service unions over manpower. But if we want a Welfare State administered with reasonable efficiency—and there is a consensus to this effect—a large bureaucracy is inevitable.

Another thing that sticks out a mile is that as far as pay is concerned, the argument is really restricted to a very small number of civil servants at the top. Out of just under 720,000 civil servants, well over 80 per cent. are paid the national average of £60 a week, or are paid less. The "comparability" system which ties civil servants at most levels to similar jobs in the private sector does not work with excessive generosity at the best of times, and of course if there are incomes policies and suchlike going around it has normally been the civil service which has been held up.

What is almost always meant by those who talk about the outrageousness of civil service pay is the size of salaries in the administrative grades, the tiny élite at the top of the hierarchy. Pay at £20,000—the present salary of a Cabinet Secretary—sounds a lot if you are on £60 a week and contributing as a taxpayer to the hand-out. It may seem even more, oddly enough, if you are on £160, for then the comparability question really begins to bite. It is no accident that the most violent criticisms of civil service pay come from journalists, politicians and other members of the middle-class salariat who have been feeling the squeeze.

The standard reply of the civil service to envious accusations from such people is to say that the real standard of living of members of the top five civil service grades (that is, Under-Secretary and above) has risen very little in the past 10 years—just over 2 per cent. in the case of Under-Secretaries and less in the case of higher grades. Assistant Secretaries and Principals have done rather better, though not much.

Yet this defence does nothing but add fuel to the anger of those articulate groups who are in the best position to criticise, since they will have been lucky if their standard of living has not actually dropped over the same period, sometimes by a considerable margin. And, leaving aside the niceties of inflationary arithmetic, the end result is that Members of Parliament and most journalists now earn less than many Principals in the civil service (£7,450), and University Professors less than a senior Principal (£9,350). Since these grades are fairly low forms of civil service life (judged in terms of responsibility and freedom of action) the critics are understandably hurt in pride as well as in pocket.

The great row about pensions is really an extension of the same feeling. The key point, again, is that civil servants (this time of all grades) have been protected from risks that the rest of the community has to bear unshielded. If the normally quoted figure is correct (and figures are hard to come by in this field) more than half the private pension schemes outside the public sector give cost of living increases of less than half the present rate of inflation and very few indeed provide what the civil servant has had since 1971—complete inflation-proofing. Admittedly the civil servant's pension amount will be lower than the best private schemes (only half his final salary) but considering he contributes only a notional amount to it and gets a gratuity as well, it certainly looks a nice deal.

Adding these advantages together and throwing in the fact that it is virtually impossible to get sacked from the civil service except for nameless crimes, one gets a picture rather different from that painted by the headline writers but one that still provides plenty of ground for argument and criticism. It is not a picture of a service that is grossly over-staffed, nor of a service that is for the most part grossly over-paid. But it is a service which can be plausibly said to be set apart in important respects from the rest of the community.

The point is this. The higher civil service has gained steadily in power and influence during the past 100 years as other parts of the Constitution—monarchy, Parliament, even Cabinet—have faltered. It is no longer plausible to pretend that the civil service has no collective share of responsibility for policy. For the natural reaction of those parties which the civil service has upstaged has been to expose the anonymity of individual civil servants and to shift responsibility publicly on to civil service shoulders.

The failure of the economic policies of the past decade are something which is generally felt to have been a failure of the Treasury mandarins as much as of the politicians. The middle-class who have been the most serious sufferers from that failure, feel that they have been let down by their own kind and everyone else merely feels vindictive towards the class as a whole and the culture from which it sprang. The spectacle of the higher civil service snuggling down to stable, and possibly even increasing, standards of living and inflation-proofed pensions as if nothing had happened, infuriates everyone and makes them even more convinced that the mandarins are "out of touch."

It is perfectly true that senior civil service salaries are not wildly out of line with those of other European countries—as the table shows. But social and political conditions in these countries are totally different and the argument about the proper place in the scheme of things takes an entirely different course. It has been recognised since the First World War that civil service salaries and benefits are tricky things to handle. Everyone wants to make sure that the Service attracts men of high quality and that discontent does not bring the public service to a standstill. At the same time the civil service is one of the most visible as well as fruitful embodiments of the community and is therefore expected to share its misfortunes to the full.

## Outcry

In the early 1920s there was an outcry because middle and higher civil servants were supposed to be receiving unwarranted automatic protection from inflation through a civil service cost of living bonus, introduced during the war. The Government of the day altered the bonus scheme arbitrarily downwards on middle and higher salaries by what was known as the "super-cut." Ten years later bonus and super-cut were abolished together, on the ground that both were unfair to someone—in the first case to the public, in the second to the higher civil servants.

The Priestley Commission on the Civil Service of 1955, which records these events, invented the "fair comparison" system in order to cope with the difficulties. But comparability does not seem to meet a wider concept of fairness that comes into force in time of trouble. Its name is equality of misery.

### SENIOR CIVIL SERVICE SALARIES (£)*

| | | | |
|---|---|---|---|
| U.K. | Head of Civil Service, or Treasury 20,175 | Permanent Secretary 18,675 | Deputy Secretary 14,000 |
| BELGIUM | Secrétaire Général 9,000 | Directeur Général 8,000 | Inspecteur Général 7,000 |
| FRANCE | Directeur Général. E. 16,533 | Directeur Général. B. 14,267 | Directeur Général. C. 13,867 |
| ITALY | State General Accountant, Prefect, Chief of Police 9,087 | General Manager (formerly Director General) 7,391 | |
| NETHERLANDS | Secretary General or Director General 19,958 | Direkteur A 18,051 | Direkteur B 14,555 |
| W. GERMANY | Direktor des Bundesrates 19,465 | Ministerial Direktor 16,524 | |

* Basic salary plus marriage allowance where applicable but excluding child and other allowances

### SIZE OF THE CIVIL SERVICE

Civil Servants per million of population

| | |
|---|---|
| England & Wales | 12,600 |
| Scotland | 12,100 |
| Belgium | 16,100 |
| Denmark | 18,800 |
| France | 19,300 |
| Germany | 28,300 |
| Ireland | 17,300 |
| Italy | 5,100 |
| Luxembourg | 3,400 |
| Netherlands | 10,700 |

*The figures exclude members of the Armed Forces, teachers, police, and employees of State enterprises.*

*Source: Civil Service Department*

# Letters to the Editor

## Bedding on the rates

*From Mr. W. Waterworth.*

Sir.—Your highly evocative article by A. G. Hellyer (December 6) suggests that his Rip van Winkle view of public parks gardening and gardeners is so far from reality, that it is positively spooky.

Joining an open season shoot at local government he has used his knowledge of horticultural history to fashion a condemnation of parks' gardeners, gardens and a special form of floral bedding with a side swipe at the National Savings Committee. Surely he could have chosen a bit more apt than parsley to mention when we are in the midst of a Cod War.

Of course carpet bedding, like all forms of floral gardening is labour intensive, but it is also tremendous fun, and the pleasure given by planting geraniums in floral designs far outweighs the cost per head of the population. The difficulty is that pleasure is an impossible sense to pin on a graph board and show as a profit.

In public parks through many years I have seen the development of commercially acceptable methods of growing dovetailed with a need to provide colour and brightness into a Britain made grey by so many prophets of doom.

Grass, playslides, trees, roundabouts, shrubs, swings, geraniums and sports fields are only some of the facets of a public parks system. Not as you would suggest without thought of cost, but carefully balanced to provide pleasure for all sections of a media-bombarded public. This is not poverty of imagination, in many instances poverty of provision would be a more accurate assessment.

As one who has earned a happy living in public parks while still paying my taxes and rates, I do not begrudge my share of these necessary evils to provide some of the simple pleasures of life, especially in the sad 1970s.

W. Waterworth.

... House, Manor Park, ...sop, ...yshire.

## Five inland Maplins

*From Mr. G. Lee-Steere*

Sir.—Michael Donne's otherwise excellent article (December ...) on the Government's consultative document on airport strategy for Great Britain fails to highlight how false was the argument justifying the cancellation of Maplin.

In summary, the case for cancelling Maplin relied on: the state of the economy: the decrease in the estimate of future air traffic: the possibility of transferring traffic to regional airports and minor extensions to the existing London airports. The consultative document eliminates the possibility of diverting traffic to regional airports and postulates massive building programmes at the four existing London Airports. Indeed, during the time the review of Maplin was being undertaken the Government agency, the British Airports Authority proceeded to spend some £26m. building new terminals, maintenance and cargo handling facilities at Gatwick.

The consultative document stresses the noise nuisance at Maplin, but that is only one of the nuisances resulting from airports. The requirements for a larger workforce, new housing, new transport facilities and more services will create impossible conflicts with the planning strategy for the South East.

At a time of high unemployment, particularly in the regions, it would seem sensible to consider the building of a "green field" airport rather than the creation of five "Inland Maplins," two at Heathrow, and one each at Gatwick, Luton and Stanstead.

G. E. Lee-Steere.

*Bucklersbury House,*
*3 Queen Victoria Street, EC4.*

## Life's little dependencies

*From the Executive Director, The Medical Centre.*

Sir,—Dr. D. L. Davies' definitions (December 3) on alcohol—and other addictions—are helpful and I appreciate his attempts to "broke honestly."

Harm, I will gladly accept, provided it is generously defined, but dependence I am not so sure about. Life consists of a series of dependencies, particularly for the minor and major pleasures, which make life worth living. Like, for instance, tea, coffee and salt, to say nothing of a couple of cigars or a large gin and tonic in the evening or a whisky before bed, as an aid to pre-sleep relaxation. These and many other things get built into a life style and it is only when they become overtly "harmful" that doctors and sociologists need worry.

I suspect that there is a wide individual variation between—if you like — helpful and unhelpful or dangerous dependence. Rather the occasional regular drink than the tranquilliser. What one has to do in these circumstances is to discourage witch-hunts and look for reliable statistics.

H. Beric Wright.

*The Medical Centre.*
*210, Pentonville Road, N.1.*

## Help for small businesses

*From Sir Edmund Bedingfeld*

Sir,—May I offer one further word on help for small businesses. I would like to take up P. A. Barker's point about financial analyses (December 6). In my letter of November 25, I ventured the thought, possibly heretical in this accountant-beset age, that financial analyses alone are simply not comprehensive or timely enough to reveal basic flaws in a company's planning, organisation and methodology. By their nature, they must follow events, which may in themselves have created a catastrophic if not irreversible situation.

On the other hand, the type of management audit I advocated can study and report on events as they happen, particularly if it is carried out by impartial and appropriately skilled outsiders such as management consultants. The company thus has the time to manoeuvre, adjust and correct.

Ideally, such audits should be conducted regularly—say twice a year. This will provide the yardstick necessary for measuring performance on a continuous basis. Moreover, the detailed information management audits disclose can be an invaluable aid in studying and comprehending the significance of financial reports.

Sir Edmund Bedingfeld.

Handley-Walker Company.

*36, Baker Street, W.1.*

## Privilege and pensions

*From The Secretary General, Civil Service National Whitley Council Staff Side.*

Sir,—The article by Mr. C. Gordon Tether, "Inflation-proofed pension privilege" (December 10) struck a blow for sanity by pointing out that calculations of the effect of inflation-proofing based on the assumption of 20 per cent. to 25 per cent. for an indefinite period beg the whole question of what happens to the rest of the economy while this is going on.

While he was entirely right to emphasise the need to ensure that all pensioners receive the pension they have paid for in constant money terms, he did allow himself to fall into the trap of implying that it is only civil servants who have inflation-proofed pension arrangements. The fact is that the Pensions (Increase) Acts apply to the public sector as a whole: and this includes not only nurses, teachers, policemen, firemen, local government staff, judges and members of the armed forces but also Members of Parliament and Cabinet Ministers.

Mr Tim Renton, MP—who is now following up Sir Geoffrey Howe's original attack on a measure which his Government introduced as a "far reaching and overdue reform"—appears to regard inflation-proofed pensions as sinful. He would do well to remember the Gospel message: Let him amongst you who is without sin cast the first stone.

John Dryden.

*19, Rochester Row, S.W.1.*

## Paper profits—paper tax

*From Mr. A. Luccan.*

Sir,—Your leading article of (November 27) is disappointing. The underlying idea of the article is that there is a distinction between "real" profits and "conventional" or "historic" profits. This is complete nonsense. There is only one profit and that is the excess of actual income over actual relevant outgoings. It absorbs all kinds of costs and the effects of price changes, changes in taste, competition, substitution, technical advances and inflation. Taxation is based on this profit and it is available for taxation as the funds flow statements will show.

If the extra cost of replacing stocks and fixed assets in inflationary conditions were a valid charge against profits then a business would have two profits: one would apply if the business were to continue and the other to apply if the business were to cease. In fact any venture out of cash is justified only if it is possible to return to cash with a surplus. The replacement of assets represents the initiation of a new cycle of trading and is not the consummation of the old.

Sandilands saw through the idiocy of purchasing power accounts. He did so in such a gentlemanly way that protagonists of current purchasing power accounting think that it still has a future but he has landed accountants with a new proposal which is almost as embarrassing as CPP. It involves the segregation of holding profits from operating profits. The practical application involves allocations to reserve before the striking of trading profits. This is contrary to the theory of accounts and is probably contrary to company law. It is, however, an excellent guide for cost accountants in competitive conditions.

The problem of dealing with inflation in accounts is back to square one. Inflation is just one of the factors to be taken into account by directors when considering dividend policy. The duty of the directors is to maximise the advantage of the shareholders—boosting share prices by paying dividends which weaken the company and making retentions to build up the company and meanwhile depress the share price. There is an optimum decision for each company and inflation is only one of the parameters.

The Irish Minister of Finance has given indications that he sees through the mists of CPP and Current Cost Accounting. He remarked in a recent speech that Governments had been accused, in times of inflation, of levying tax on what has been loosely described as "paper profit" and made the point that it might not be unreasonable to talk of "paper tax."

Accountancy and accountants have not yet come through the trauma of inflation accountancy, but when they do so they will be all the better for it. They will have some claim to be a learned profession. I say that in spite of the fact that my Institute in the 1975 report includes a statement that income for 1974 of £121,499 could be rewritten as £136,603. I will have some difficulty in explaining it to accountants of 1984.

A. Luccan.

Carthy O'Neill and Co.,
*21, Merrion Square,*
*Dublin 2.*

## Burmah's North Sea share

*From Mr. D. Johnson.*

Sir,—The traditional "ya-booing" in the House of Commons about whether the Government is proposing to pay too little or too much for Burmah Oil's share of North Sea oil is in danger of obscuring the more important question of whether or not there is any economic justification at all for the proposed deal.

I believe it has been estimated that the Exchequer stands to take 70 per cent. of all profits from Britain's oil by a combination of royalties, special oil tax and corporation tax. In addition there will be an income from tax on all dividends paid to shareholders out of the remaining 30 per cent. profit. This suggests that the Government will be taking at least 80 per cent of the profits without owning any equity or sharing any of the financial risks.

In the circumstances it seems to me to be an absolutely lunatic waste of public funds to buy up 100 per cent. of Burmah's interests and take on the liability for further development costs just to get hold of that part of the remaining 20 per cent. profit which is available for distribution. We would do far better to encourage Burmah to sell out to another oil company and patiently wait to take the lion's share of profits through taxation.

D. C. Johnson,
*Applegarth,*
*Ingham, Lincoln.*

# To-day's Events

GENERAL

Prime Minister receives honorary freedom of City of London, Guildhall, E.C.2, and afterwards attends lunch given in his honour by Lord Mayor and City Corporation.

President Giscard d'Estaing of France continues State visit to Egypt.

Dr. Henry Kissinger, U.S. Secretary of State, arrives in London for conference with American Ambassadors from east and west Europe.

Mr. Campbell Adamson, CBI director-general, ends three-day visit to East Berlin as guest of Organisation for External and Economic Relations.

Dr. John Gilbert, Minister for Transport, is guest speaker at Institution of Highway Engineers annual lunch, Grosvenor House, W.1.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

OFFICIAL STATISTICS

Provisional U.K. trade figures for November, incorporating import and export unit value and volume index numbers and terms of trade.

Building societies' receipts and loans (November).

Retail prices index (November).

COMPANY RESULTS

Keyser Ullmann Holdings (half-year).

Arthur Lee and Sons (full year).

Pegler-Hattersley (half-year).

COMPANY MEETINGS

Baird (Hugh), Glasgow, 12.

Brooke Bond Liebig, Painters Hall, E.C., 11.30.

Burgess Products, Leicestershire, 12.

City of Aberdeen Land Association, Aberdeen, 12.30.

Herrburger Brooks, Nottingham, 2.30.

Johnson and Firth Brown, Sheffield, 12.

McKechnie Brothers, Birmingham, 12.

RCF, Birmingham, 12.

Wolseley-Hughes, Edgbaston, Birmingham, 12.

OPERA

Royal Opera production of Rigoletto, Covent Garden, W.C.2. 7.30 p.m.

English National Opera production of La Belle Hélène, Coliseum Theatre, W.C.2, 7.30 p.m.

BALLET

London Contemporary Dance Theatre perform Waterless Method of Swimming Instruction, Headlong, Gladly Badly Madly Sadly, and Troy Game, Sadler's Wells Theatre, E.C.1, 7.30 p.m.

MUSIC

London Senior Orchestra and ERMA Choir (conductor Terence Lovett) give concert of Christmas music, Royal Festival Hall, S.E.1, 8 p.m.

SPORT

Squash rackets: amateur championships, Wembley.

# COMPANY NEWS + COMMENT

## Northern Foods growth and more to come

ON A TURNOVER up from £99.54m. to £133m., group pre-tax profit of Northern Foods almost doubled to a record £9.38m. in the year to September 30, 1975.

When announcing a first-half upsurge from £1.55m. to £2.96m., the directors said it would be unrealistic to expect the percentage rate of growth to be maintained in the second half, but a substantial improvement was forecast for the year.

They point out, however, that 1974 was a poor year in which the steady progress in profitability over an extended period was broken.

As to the current year, they report that the first two months have produced good profit figures, and the first half is expected to show "a marked improvement" on the comparable period.

The final dividend on capital increased by the September rights issue is the forecast 1.528p net per share, making a total of 2.528p against 2.3689p. Stated earnings per 25p share increased from 5.46p to 10.26p.

| | 1974-75 £000 | 1973-74 £000 |
|---|---|---|
| Turnover* | 133,093 | 99,536 |
| Trading profit | 9,925 | 5,921 |
| Investment income | 138 | 172 |
| Interest charges | 1,376 | 1,449 |
| Profit British Credit | 614 | 171 |
| Share associates | 56 | 79 |
| **Profit before tax** | 9,380 | 4,745 |
| Taxation | 4,602 | 2,240 |
| Minority | 17 | 13 |
| Extraordinary credits | 62 | 50 |
| **Attributable** | 4,793 | 2,542 |
| Preference dividend | 9 | 9 |
| Ordinary | 1,581 | 1,088 |
| Retained | 3,203 | 1,445 |

* Excluding British Credit Trust. Losses.

Food and drink activities had a "very good" trading period over the summer—efforts to cut costs and rationalise activities throughout the group were the key factor, the directors state.

Sales of liquid milk continued to be good, and on the milk products side benefits of some of the reorganisation carried out a year ago are being seen.

Milling had a good year, and the efficiency of baking operations has been improving. The hot summer has helped sales of ice cream in Northern Ireland, and in the brewery the sales of draught beer, with a consequent uplift in profits.

British Credit made a good recovery and the level of new business, which rose substantially in the second half, continues "encouraging."

### ● comment

Northern Foods could top £11½m. pre-tax this year, against £4.7m. in 1973-74. But that still implies a fair measure of earnings dilution following the October rights issue. This year the dairy operations—nearly 60 per cent. of total profits—are going to keep moving forward, the credit side is set for another bumper year and the brewery and milling-baking stand a good chance of holding their own. At 76p the shares compare with a 1975 low of 20p and yield 5.2 per cent.: earnings last year totalled 10.2p and this year they are likely to fall at least 2p short of that.



### INDEX TO COMPANY HIGHLIGHTS

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| A.T.V. | 25 | 1 | Liner Concrete | 23 | 6 |
| Austin (E.) | 23 | 2 | Lloyds & Scottish | 23 | 1 |
| Barclays Intnl. | 23 | 3 | Mitchell Somers | 22 | 6 |
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| Incledon & Lamberts | 25 | 6 | Whessoe | 22 | 4 |
| Intnl. Property | 23 | 6 | Worth (Bond) | 22 | 7 |



## Peak £1.4m. by Burco Dean

AGAINST a background of "unusually difficult" conditions, Burco Dean, makers of kitchen furniture and domestic appliances, increased its pre-tax profit from £1.03m. to a record £1.43m. for the year ended September 30, 1975, after being up from £0.41m. to £0.76m. in the first half.

Chairman, Lord Hewlett, says the year's trading has consolidated the strong financial base upon which the group is proceeding with its investment plans and the expansion of exports. The company is ble to take advantage of any upturn in economic conditions at home and abroad, he adds.

Stated earnings are up from 7.7p to 10.54p per 25p share and the dividend total is lifted from 2.835972p to 3.025452p net, with a final of 1.817132p.

| | 1974-75 £ | 1973-74 £ |
|---|---|---|
| Turnover | 16,170,938 | 11,713,400 |
| Dom. appliances, etc. | 13,872,627 | 9,482,917 |
| Gen. engineering | 2,298,311 | 2,230,483 |
| Profit | 1,625,220 | 1,211,900 |
| Dom. appliances, etc. | 1,251,491 | 798,909 |
| Gen. engineering | 373,748 | 412,991 |
| Loan interest | 197,042 | 181,780 |
| **Profit before tax** | 1,428,186 | 1,030,120 |
| Tax | 755,555 | 537,195 |
| Net profit | 672,631 | 492,925 |
| Pref. dividend | 4,219 | 4,275 |
| Interim dividend | 76,718 | 70,292 |
| Final Ord. dividend | 115,280 | 109,622 |
| Retained | 476,414 | 308,826 |

### ● comment

Burco Dean's 39 per cent. rise in profits is deceptively attractive because last year's results were depressed by the 3-day week. In the second half, for example, where comparisons make better sense, profits improved by only 7 per cent. on a sales gain of two-fifths, and margins shed two points. BD reckons, however, that there is an optimistic twist to the story. Its share of the domestic appliances and kitchenware markets may have increased by as much as a third, and the growth in volume sales—35 per cent.—would have been matched by profit gains had it not been for price restraint. But if, as BD suggests, the worst of the recession has still to affect this division, then the new markets opening up in general engineering (fire prevention and safety equipment) will be as helpful as the tight control exercised over borrowings: bank borrowings last year increased by only £0.1m. At 63p, the shares yield 7.6 per cent.

## Redfearn Glass advance

WITH SALES up by over 27 per cent. to a record £27.15m., Redfearn National Glass has lifted pre-tax profits from £1.22m. to £1.48m. in the year ended September 28, 1975, after £512,092, against £382,578, for the first half.

Full year earnings are shown to be up from 9.29p to 10.92p per 25p share and the dividend is raised from 3.383p to 3.588p net with a final of 2.718p.

| | 1974-75 £ | 1973-74 £ |
|---|---|---|
| Sales | 27,149,600 | 21,351,000 |
| Profit before tax | 1,484,633 | 1,221,993 |
| Tax | 824,617 | 672,320 |
| Net profit | 659,987 | 549,673 |
| Dividends | 226,158 | 204,330 |
| To deferred tax | — | 43,000 |
| Retained | 433,515 | 302,343 |
| Carried forward | 2,798,387 | 2,564,782 |

### ● comment

Redfearn's recovery trend eased off in the second half of last year—the rate of increase dropped from 33 per cent. pre-tax in the first six months to 16 per cent. in the second—reflecting a general fall off in demand which began in January, but the streamlining operation carried out in April (this led to a significant trimming of the work force) prevented the effects of the lower demand volume from becoming too serious. The reintroduction of import duty in June wiped out much of the group's overseas opposition in the home markets and volume started to pick up in the last month of the year. This appears to be continuing so far in 1975-76 and the work load so far is higher in volume terms than in the corresponding period. With cost savings expected this year from the introduction of new capital equipment (the group stepped up investment in 1974-75 by £½m. to £3¼m.) a further increase in profits seems assured. The shares at 56p are yielding 10.3 per cent.

## Graham Wood downturn

Turnover of Graham Wood Steel Group decreased from £3.3m. to £2.55m. in the half-year to September 30, 1975, and pre-tax profit contracted from £242,000 to £102,000. Last year's profit was £405,000.

Stated earnings per 20p share for the six months fell from 3.12p to 1.25p. As before the interim dividend is 0.56p net, and in spite of the difficult economic situation, the directors propose at least to maintain the rate of dividend paid last year. The net total for that year was 1.686p.

They state that the recession in world steel markets shows little sign of improvement in the current period and both turnover and profits of the stockholding division have been, and remain, severely restricted.

In engineering, however, production was maintained at a high level and the order book remains "very satisfactory."

The group is taking the opportunity presented by reduced activity to improve operating facilities through a limited capital investment programme, in order to take full advantage of the upturn when it occurs and to enable resumption of the growth pattern, the directors add.

| | Six months 1975 £000 | Six months 1974 £000 | Year 1974-75 £000 |
|---|---|---|---|
| Turnover | 2,343 | 3,496 | 6,217 |
| Profit | 178† | 310 | 530 |
| Profit before tax | 102 | 242 | 405 |
| Taxation | 53 | 120 | 239 |
| Attributable | 49 | 122 | 171 |
| Dividend | 22 | 22 | 65 |

## Whessoe loss but recovery forecast

A PRE-TAX loss of £1,299,325 was incurred by Whessoe in the year to September 27, 1975, compared with a profit of £1,400,268 for the previous year, after a first half loss of £709,000, against a profit of £514,000.

The directors, however, forecast a return to profit in the current year.

The past year's loss was struck after substantially increased depreciation and interest charges.

There was a trading profit of £620,175, against £2,700,308, the decrease mainly reflecting a loss of £979,843 (profit £1,343,711) in heavy engineering.

A final dividend of 1.625p net per 25p goes against the previous year's total of 3.8625p—there was no interim.

Sales value of work completed during the year decreased from £32.4m. to £28.78m. The value of work done was £48.44m., against £38.81m.

| | 1974-75 £ | 1973-74 £ |
|---|---|---|
| Heavy eng. loss | 979,843 | †1,343,711 |
| Light eng. profit | 821,605 | 565,293 |
| Aiton profit | 776,413 | 791,304 |
| Total trading profit | 620,175 | 2,700,308 |
| Depreciation | 926,409 | 684,[illegible] |
| Interest charges | 993,091 | 615,098 |
| Group loss | 1,299,325 | *1,400,268 |
| Tax credit | 613,709 | ‡680,779 |
| Minority | 49,742 | 4,187 |
| Net loss | 636,374 | *723,676 |
| Dividends | 153,447 | 355,926 |
| Dec. unappropriated | 789,821 | ‡‡367,850 |

*Profit. †Including proportion of estimated profits accorded on long-term contracts. ‡Change. ‡‡Increase.

Light engineering set records for sales and profit in both its French and U.K. operations, while Aiton and Company achieved a "notable" increase in profitability in the second half and continue to improve, the directors state. But the first half-year's difficulties in heavy engineering continued in the second half.

Continuing losses on Darlington Fabrication and Construction fixed price contracts have been provided for. These should run out in the current year.

Stockton was marginally unprofitable but is well placed to improve, and Dock Point had terminal losses on major completions but promises substantial profit in the current year.

Group order intake was only slightly down on last year's figures and is holding up well in total although unevenly spread over the heavy engineering division product range.

Prospects of new nuclear work are now much nearer, the directors add.

### ● comment

The fall in the value of sales completed by Whessoe last year—in marked contrast to the rise in work undertaken—is one indication of the contract claims still outstanding at the year end. The timing of any such settlements clearly has a substantial impact on the published profit figures. If Whessoe has got its sums right, the problem contracts taken on in 1972-73 have been fully provided for; at Dock Point, they have also been physically completed. At the same time, an improving rate of progress payments has left year-end debt more or less unchanged. The light engineering division and Aiton look capable of maintaining their performance this year, and heavy engineering is scheduled to move back into profits—which could be significantly inflated by any satisfactory claims settlement. There is obviously meant to be some message in the dividend payment, and a market capitalisation of £3¼m. at 36p is an attractive high risk speculation.

Mr. I. W. Macdonald, chairman of Lloyds and Scottish, which yesterday reported pre-tax profits for the year to September 30, 1975, up from £10.6m. to £13.1m.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Assoc. Engineering | 2.86† | Feb. 9 | 2.44 | 3.86 | 3.36 |
| Associated TV ......int. | 1.85 | March 23 | 1.85 | — | 3.9 |
| E. Austin & Sons (b) int. | 1.04 | — | 0.98 | — | 2.91 |
| Geo. Bassett ......int. | 0.78 | Feb. 9 | 0.8 | — | 4.22 |
| Bond Worth | 2.03 | March 26 | 1.68 | 3.71 | 3.35 |
| Burco Dean | 1.82 | Feb. 20 | 1.73 | 3.03 | 2.84 |
| Castlefield Rubber | 1.68 | Feb. 11 | 1.38 | 2.06 | 1.93 |
| East Daggafontein | Nil | — | 10(c) | Nil | 25 |
| Graham Wood Steel ...int. | 0.56 | March 26 | 0.56 | — | 1.69 |
| A. Guinness | 3.75 | — | 3.55 | 5.71 | 5.35 |
| Holyrood Rubber ......int. | 4.11 | Jan. 29 | 3.76 | — | 20.22 |
| Hongkong (Selangor) int. | 0.17 | Jan. 29 | 0.5 | — | 3.92 |
| Incledon & Lambert ...int. | 0.78 | April 1 | 0.74 | — | 3.04 |
| Killinghall (Rubber) | 4.87 | Feb. 20 | 4.4 | 5.82 | 5.45 |
| Leadenhall-Invest. ...int. | 0.96 | April 2 | 0.88 | —(a) | 3.05 |
| Liner Concrete | 0.40 | Feb. 21 | 0.38 | 0.64 | 0.60 |
| Lloyds & Scottish | 1.97 | Feb. 2 | 1.75 | 3.23 | 3.01 |
| Mitchell Somers ......int. | 0.43 | — | 0.35 | — | 0.95 |
| Northern Foods | 1.53† | April 1 | 1.53 | 2.53 | 2.37 |
| Phoenix Timber ......int. | 1.5 | Feb. 6 | 1.5 | — | 3.2 |
| Redfearn Nat. Glass | 2.71 | Feb. 12 | 2.49 | 3.59 | 3.36 |
| S.A. Land & Exploration... | 22.5(c) | Feb. 6 | 42.5 | 30 | 85 |
| Southvaal Holdings | 8(c) | Feb. 6 | 9 | 8 | 9 |
| Trafford Carpets ......int. | 0.81 | April 7 | Nil | — | 1.63 |
| Vaal Reefs | 100(c) | Feb. 6 | 120 | 175 | 220 |
| Western Deep | 80(c) | Feb. 6 | 90 | 147.5 | 160 |
| Whessoe | 1.63 | Jan. 31 | 2.19 | 1.63 | 3.86 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Maximum permitted final of 1.363p is forecast for nine months. (b) Name corrected. (c) South African cents.

## Mitchell Somers

IN THE HALF YEAR ended September 27, 1975, profits of Mitchell Somers, engineers and forgemasters, expanded from £443,000 to £602,000, on a turnover some £1½m. ahead at £5.48m.

The interim dividend is raised from 0.35p to 0.43p net—the total for the year ended March 31, 1975 was 0.948p paid from profits of £1.18m.

| | 1975 £000 | 1974 £000 |
|---|---|---|
| Turnover | 5,479 | 3,945 |
| Profit before tax | 632 | 443 |
| Taxation | 313 | 230 |
| Net profit | 299 | 213 |
| Dividend | 51 | 41 |

## Provident Life

The Provident Life Association of London announces reversionary bonuses for 1975 of £4 per cent. (same) on Ordinary with-profits life assurance policies, issued in the compound bonus series, and £4.40 per cent. (same) on Ordinary with-profits life assurance policies issued in the simple bonus series.

Also there is a final bonus on simple bonus series policies becoming claims by maturity or death in 1976, which for normal whole life and endowment assurances will again be 15 per cent. of all previous bonus additions.

For pensions business fund the bonus is again £3.25 per cent. on pure endowment and term assurances by annual premium.

## Bond Worth down —now improving

A LOSS of £347,618 was incurred by Bond Worth Holdings in the second half of 1974-75, leaving the profit for the year ended June 28 at £498,616 compared with £2.35m. for the previous year.

At the trading level the profit was £2.61m. compared with £4.05m. but this was subject to finance charges up from £1.7m. to £2.1m.

Chairman Mr. J. T. Murray reports that as a result of remedial measures taken, a considerable improvement in overall performance has occurred and management accounts indicate that trading profit for the current six months should be around £2m. and at the pre-tax level not less than £1m.

Earnings per 25p share with relief for past tax losses are stated at 4.3p (10.1p) and without such relief at 3.3p (9.4p). The dividend is raised from 3.35p to 3.70625p net, with a final of 2.03125p.

The chairman says that, with profits improving, significant past losses still available for tax set-off and a further big set-off of some £3.25m. accruing from the Government's stock profit relief, the group will have no tax liabilities for some time to come.

| | 1974-75 £ | 1973-74 £ |
|---|---|---|
| Turnover | 51,349,960 | 53,939,974 |
| Trading profit | 2,607,352 | 4,050,292 |
| Finance charges | 2,112,670 | 1,701,004 |
| Profit | 495,182 | 2,349,288 |
| Associates | 3,434 | 4,918 |
| Pre-tax profit | 498,616 | 2,354,206 |
| Tax credit | 4,383 | *987,738 |
| Net profit | 503,199 | 1,366,473 |
| Minority loss | 71,680 | †16,704 |
| Available | 574,879 | 1,339,769 |

* Charge. † Profit.

The chairman explains that the fall in trading profit was caused primarily by exceptional losses of some £700,000 in Australia. In the second half the group moved into larger premises in Melbourne and although this upheaval aggravated losses, the move was successful and the whole operation is now at full production and making "handsome profits."

The Canadian company lost £150,000 in the year as a result of the scale and speed of general North American de-stocking. Rivington Carpets, the U.K. tufting offshoot, incurred some losses in the second half partly due to dumping in the European market by foreign fibre producers. Rivington is now trading profitably, says the chairman.

He points out that Government price controls cost the group £500,000 in lost profit during the year.

The chairman also announces that agreement has been reached with Manta of Belgium, blanket producers, for a formal association in which Manta will acquire the Moderna (Witney) subsidiary, and Bond Worth will take a minority holding in Manta on a share exchange basis.

### ● comment

Bond Worth lost money in the second half of 1974-75. But the dividend has gone up and this year the group reckons it can make profits of at least £1m. in the first six months against a pre-tax total of £2.6m. in 1973-74. This mixture put the shares up 4 to 47p yesterday where the yield is 12¼ per cent., the likelihood is that earnings in the current year will recover enough comfortably to cover the payment. Meantime, BW's gearing has apparently not deteriorated over the past 12 months. Group net borrowings at June 1974 topped tangible shareholders' funds of £8.9m. by £6.8m.

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## Second half profit seen by Dimplex

THOUGH PRE-TAX losses of Dimplex Industries increased from £301,000 to £598,000 in the 28 weeks to October 17, 1975, the chairman Mr. H. R. Heath "confidently predicts" a profit in the second half.

This would compare with a loss of £184,000 in the corresponding period last year. It is too early to say whether the second-half profit will eliminate the interim loss, he adds, and in the circumstances the Board does not feel able to declare an interim dividend. The last payment was the total of 1.68752p for 1973-74.

| | 28 weeks 1975 £000 | 28 weeks 1974 £000 | Year 1974-75 £000 |
|---|---|---|---|
| Sales | 5,105 | 6,351 | 12,1[illegible] |
| Trading loss | 150 | 55 | †[illegible] |
| Interest | 448 | 446 | 9[illegible] |
| Loss before tax | 598 | 501 | 6[illegible] |
| Tax credit | *300 | 282 | 3[illegible] |
| Net loss | 298 | 219 | [illegible] |

† Profit. * From deferred tax reserve.

The chairman reports that bank indebtedness is currently £1.5m. less than a year ago. Also stocks are being reduced progressively and during the current year they should have reduced in value by some 30 per cent.

Commenting on the results Mr. Heath says the world wide economic recession has taken its toll on sales. On the home market apart from the effects of de-stocking by the trade "the general public still hold the deep-seated but erroneous view that 'off peak' electricity tariffs are being phased out," reports the chairman. Efforts to correct this have met with only partial success and sales of storage radiators have suffered again.

Nevertheless compared with a year ago, the image of domestic electric heating is improving, declares Mr. Heath.

### ● comment

Along with the recession Dimplex has a communications gap attached to the price of running its main product, storage heaters: the public thinks that "offpeak electricity tariffs are being phased out. Buying storage radiators on this basis is just not an economic proposition" and the result is huge losses for Dimplex (1975: loss of £0.7m.), and a massive stock and debt build-up. So far this year, Dimplex has gone some way towards repairing the ravages. It has halved the stock of storage radiators, which made up a large part of last year's £7.2m. of stocks (60 per cent. of sales), and it has cut weekly production rates to a fifth of historic levels. A successful summer selling season to stockists has also helped. But the interest charge is unchanged despite the reported decline in borrowings of £1.5m., and the group has been forced to cut its gross margin. Full recovery is still a long way away. At 7½p market worth is £1.5m.

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## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1975 High | 1975 Low | Stock | Closing Price p | + or − | Div. | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $12.5 | F.P. | — | $12¼ | $12¼ | Brazil Fund S.A. | $12¼ | ...... | — | — | — | — |
| ♣ | F.P. | — | [illegible] | 100 | [illegible] | 100 | ...... | b1.68 | 4.5 | 1.5 | — |
| ♣R | F.P. | 7/11 | 280 | 280 | Standard G'd Mnfg 20p | 280 | −5 | — | — | — | — |
| — | F.P. | — | 235¼ | 229¼ | Hughes Tool $1 | 235¼ | +1¼ | Q40c | — | 0.5 | — |

### FIXED INTEREST STOCKS

[illegible]

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1975 High | 1975 Low | Stock | Closing Price p | + or − |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | Anglo-Am Asphalt | [illegible] | |
| [illegible] | | | | | Bank of Nova Scotia | [illegible] | |
| [illegible] | | | | | Berry Wiggins | [illegible] | |
| [illegible] | | | | | British Home Stores | [illegible] | |
| [illegible] | | | | | Capper-Neill | [illegible] | |
| [illegible] | | | | | Debenhams | [illegible] | |
| [illegible] | | | | | Harrisons & Crosfield | [illegible] | |
| [illegible] | | | | | Hunting Assoc. Inds. | [illegible] | |
| [illegible] | | | | | Kwik Save Discount | [illegible] | |
| [illegible] | | | | | Lighting & Leisure | [illegible] | |
| [illegible] | | | | | Minet Holdings | [illegible] | |
| [illegible] | | | | | Mowlem (J.) | [illegible] | |
| [illegible] | | | | | Nat. Bank of Aust. | [illegible] | |
| [illegible] | | | | | Pontins | [illegible] | |
| [illegible] | | | | | Spillers | [illegible] | |

Renunciation date usually last day for dealing free of stamp duty. [illegible]



## INTERIM STATEMENT

### Interim Statement

At a Board Meeting held today, 11th December 1975, the Directors declared an interim dividend for the year ending 28th March 1976 of 1.85p per Unit to holders of the "A" Ordinary Stock, which, with the imputed tax credit, amounts to 2.846p per Unit, compared with 2.761p in 1974. Dividend warrants will be posted on 23rd March 1976 and transfers lodged with the Company's Registrars, Kleinwort Benson Limited, The Lawn, Speen, Newbury, Berkshire, before 3 p.m. on the 23rd February 1976 will rank for dividend.

| The unaudited results for the first 26 weeks of the current financial year are:— | 1975 First 26 Weeks to 28.9.75 | 1974 First 26 Weeks to 22.9.74 | Full Year to 30.3.75 |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Group turnover | 30,311 | 26,185 | 60,059 |
| Group profit before taxation | 2,028 | 2,344 | 5,746 |
| Taxation | 1,055 | 1,218 | 3,010 |
| Profit after taxation | 973 | 1,126 | 2,736 |
| Minority interests | (16) | 21 | 13 |
| Attributable to members of the Holding Company | 989 | 1,105 | 2,723 |
| Amount absorbed by dividends | 774 | 774 | 1,631 |
| Amount of dividend per "A" stock unit (gross equivalent) | 1.85p / 2.846p | 1.85p / 2.761p | 3.9p / 5.915p |
| Earnings per "A" stock unit (after taxation) | 2.36p | 2.64p | 6.51p |

*The figures for 1974 (which covered 27 weeks) have been adjusted to compare with the first 26 weeks of this year.*

The Directors report that although the profits from the Group for the above period were down on the previous year due to a fall in profits from the Television and Record divisions, they feel confident that the final results for the year 1975/76 would not be less than the profits for 1974/75. The second half of the current year is already receiving the benefits of increased advertising revenue and other areas of the Group are progressing favourably. The major benefits from our current success in feature film production will commence to flow in the year 1976/77.

**Associated Television Corporation Limited**

# Lloyds and Scottish up by over £2½m.

SECOND-HALF profits of Lloyds and Scottish, the finance group, expanded from £5.58m. to £7.05m. pushing up the total for the year ended September 30, 1975, to a record £13.1m. This represents a rise of £2.51m. compared with the previous year and is £771,000 above the peak reached in 1972-73.

The main factors that influenced the results were lower interest rates, higher profits from distribution and retailing, and a steep rise in operating costs, the directors state.

After all charges the balance attributable to L and S emerged ahead from £4.86m. to £6.24m. with stated earnings per 20p share rising from 5.26p to 6.19p.

The net dividend total is lifted by the maximum permitted—from 3.01p to 3.22615p, with a final of 1.96615p.

| | 1974-75 £000 | 1973-74 £000 |
|---|---|---|
| Profit before tax: | | |
| Company and subsidiaries | 9,913 | 6,668 |
| Share of associates | 3,198 | 3,924 |
| Total | 13,103 | 10,592 |
| Taxation | 6,709 | 5,620 |
| Net profit | 6,394 | 4,972 |
| Minorities | 157 | 110 |
| Attributable | 6,237 | 4,862 |
| Extraordinary items* | 50 | 638 |
| Dividends | 3,261 | 2,850 |
| Retained | 3,026 | 1,374 |

* Credits (debits)—comprising purchase tax on rental television sets written off by subsidiary following introduction of VAT nil (£538,000); net deficit on realignment of currencies £416,000 (£281,000); gain on part disposal of shares in overseas associates £515,000 (nil); provision against investments in subsidiaries £49,000 (£50,000); and tax relief where applicable nil (£232,000).

Group borrowings at September 30 were reduced by £12m. to £232m., of which £48m. (£41m.) is repayable beyond one year. The borrowing ratio (to shareholders funds) shows a reduction from 5.2 to 4.5.

See Lex

## Leadenhall Sterling progress

First half pre-tax profit of Leadenhall-Sterling Investments increased from £111,564 to £155,000, and the directors forecast a profit for the nine months to December 31, 1975 (the new financial year-end) "not significantly different" from the £225,551 for the year to March 31, 1975.

| | Half-year 1975 £000 | 1974 £000 |
|---|---|---|
| Turnover | 1,981 | 1,698 |
| Trading profit* | 113 | 74 |
| Franked income† | 42 | 38 |
| Pre-tax profit | 155 | 112 |
| Extraordinary debits‡ | 9 | — |
| Retained | 113 | 62 |

* Includes £6,000 of Grafton Optical earned since its acquisition on September 8, 1975. † Interim and final dividends from holding in Yatton Furniture sold on June 2, 1975. ‡ Mainly expenses in connection with offer by Bricomin Investments.

Stated earnings per 25p share for the half year increased from 4.9p to 6.9p. The interim dividend is raised from 0.875p to 0.958p net, and a maximum permitted final of 1.536p (2.174p) is foreshadowed.

It seems that the subsidiaries will start 1976 with reasonable order books, the directors state.

## Smiths Industries ahead

AT THE annual meeting of Smiths Industries the chairman, Mr. R. G. Cave, told shareholders that trading in the first four months of the financial year had produced profits before interest and tax marginally ahead of the same period last year.

The rate of incoming orders in some trading areas continued to weaken resulting in a further reduction in the numbers employed in these. Other trading areas were making "reasonable" progress both at home and overseas.

Interest payments had been substantially reduced following the rights issue in July, Mr. Cave said.

## First half slump at E. Elliott

MOULDERS in plastic and manufacturers of optical goods, etc., E. Elliott, reports turnover down from £1.68m. to £1.33m. for the half year to September 30, 1975, and profits of £39,000 against £214,000 subject to tax of £21,000 compared with £111,000.

For the year to March 31, 1975, pre-tax profits were £267,030 and the dividend 2.75p net per 25p share.

Mindful of the restrictions placed on the company's activities being primarily based in two areas the directors have formed a new subsidiary—Hawe Elliott—to undertake the manufacture and marketing of holloware and horticultural products.

In the current circumstances, cash flow is satisfactory, members are told. However, arrangements are being finalised with the group's bankers to provide finance on a more permanent basis.

## Downturn at E. Austin

TURNOVER of £1.36m. against £1.3m. and pre-tax profits of £110,000 compared with £118,500 are reported by E. Austin and Sons (London) for the six months to September 30, 1975.

The directors say it is difficult to assess the effect that the continuing low level of economic activity will have on the final results, which, however, must not be expected to match the record attained last year, when profits totalled £307,537.

The interim dividend is raised from 0.975p to 1.04p net per 25p share. Last year's total was 2.907p.

After tax of £57,200 (£62,000) the half-year's net balance emerges at £52,800 (£56,500).

The company's interests are in materials handling, equipment, warehousing and industrial cleaning cloths.

## Barclays Intnl. £72.4m.

INCLUDING £3.64m., against £2.28m. share of associates, profit before tax of Barclays Bank International improved from £58.2m. to a record £72.36m. in the year ended September 30, 1975, after £31.53m., compared with £28.55m. at halfway.

In accordance with group practice, goodwill arising on the acquisition of subsidiary and associated companies—amounting to £9.08m. (£21.38m.)—has been charged direct to reserves.

The company is a wholly owned subsidiary of Barclays Bank.

| | 1974-75 £000 | 1973-74 £000 |
|---|---|---|
| Pre-tax profit* | 72,363 | 58,195 |
| Tax | 32,425 | 26,802 |
| Outside holders | 7,462 | 5,211 |
| Extraord. debits | 1,060 | †1,586 |
| Attrib. - Ord. | 30,413 | 29,963 |
| Retained | 29,577 | 27,563 |

* Includes £3.64m. (£2.28m.) share of assoc. † Credits.

## Setback at F. W. Evans

Manufacturers of plastic mouldings, Frederick W. Evans, reports that from turnover of £1.01m., compared with £1.05m., pre-tax profit for the year to September 30, 1975, declined from £242,198 to £114,862. At half-way the fall was from £97,000 to £77,000.

The dividend per 10p share is raised from 1.187p to 1.204p net with a final payment of 0.624p.

The directors state that forecasting for next year is not possible due to the present economic situation.

They explain that the company suffered from a fall off in demand in the summer months, "greatly increased" costs in labour and overhead charges, which it was unable fully to recoup and a large increase in depreciation because of continued and increased investment in new plant.

The continued investment in new plat ensures that not only does the company work economically now but will be able to take full advantage of an upturn in demand.

# AE up 49% and looking for further growth

ON A 27 per cent. increase in sales to £208.7m., pre-tax profits of the Associated Engineering group rose by 49 per cent. to £13.73m. in the year to September 30, 1975, compared with the £13m. indicated at the interim stage when profit was up from £3m. to £6.5m.

Of the future, chairman Mr. John Ferguson says that, based on present projections, the directors expect the current year to show "some further growth" in profits.

Looking ahead to 1977 they believe that provided inflation is controlled then the expected upturn in demand "should provide an opportunity for a significant improvement in output and profits," Mr. Ferguson adds.

Earnings per 25p share for the year 1974-75 are shown to have advanced by 72 per cent. from 5.8p to 10p. As forecast, the final dividend, on capital increased by the one-for-three rights issue, is 2.66p lifting the net total from 3.36p to 3.66p, which represents a 12.3 per cent. increase in the gross equivalent.

Exports rose from £25m. to £31m. and represented 15 per cent. of total sales, Mr. M. S. Norgate, group finance director, told a news conference yesterday. Sales of the overseas subsidiaries amounted to £48m.—23 per cent. of sales.

A major contribution to the increased sales and profitability came from the supply of components for the diesel engine markets, Mr. Norgate said. Improved efficiency in France resulted in a trading profit of £540,000, compared with a loss in the previous year of £380,000.

| | 1974-75 £000 | 1973-74 £000 |
|---|---|---|
| Group sales | 208,609 | 163,919 |
| Profits | 18,632 | 13,634 |
| Interest payable | 4,905 | 4,410 |
| Profit before tax | 13,727 | 9,224 |
| Tax | 6,825 | 5,228 |
| Net profit | 6,902 | 3,996 |
| Minorities | 472 | 422 |
| Attributable | 6,430 | 3,574 |
| Pref. dividends | 175 | 175 |
| Ord. dividends | 2,494 | 1,527 |
| Balance | 3,761 | 1,372 |
| Extra-ord. credits | 83 | *17 |
| Retained | 3,844 | 1,355 |

* Debits.

Depreciation charged £4.7m. (£4.25m.)—investment grants deducted from cost of acquisitions of plant, etc., depreciation calculated on net sum. Corporation tax for 1972-73 and 1973-74 deferred and extended for a further year, by reason of stock reliefs, at £4.2m.—this has been transferred from provisions to the equalisation account.

| | 1974-75 £000 | 1973-74 £000 |
|---|---|---|
| Issued capital | 22,036 | 17,349 |
| Reserves | 32,778 | 23,355 |
| Minorities | 3,773 | 3,125 |
| Tax - equalisation and deferred tax | 13,234 | 10,397 |
| Loan capital | 22,326 | 20,992 |
| Total | 94,037 | 77,089 |
| Fixed assets and overseas trade invests. | 44,391 | 42,779 |
| Current assets | 101,177 | 87,895 |
| Stocks and work | 58,390 | 49,403 |
| Debtors less provsns. | 42,754 | 38,337 |
| Short-term deposits | 29 | 105 |
| Current liabilities | 51,727 | 52,945 |
| Creditors | 36,120 | 31,234 |
| Overdrafts less cash | 9,569 | 16,958 |
| Current tax | 3,792 | 3,406 |
| Final dividend | 1,946 | 1,327 |
| Net current assets | 49,446 | 34,920 |

The only "significant" minus last year was at the Covrad subsidiary, where the reduction in U.K. car production resulted in a lower level of presswork volume and its loss went up from £248,000 to £879,000. Mr. J. G. Collyear, group managing director and chief executive, said the reduction of losses at Covrad was "a major priority."

—Meeting, The Savoy Hotel, W.C.2, January 28 at 12.05 p.m., to be preceded by an extraordinary meeting at noon to consider resolutions relating to the capital and the Articles.

See Lex

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

**TO-DAY**

**Interims:** E.O. Boardman International, N. Brown Investments, Cawoods, Dwek Group, George Ewer, Keyser Ullmann, Lovell's Shipping and Transport, Pegler-Hattersley, Sterling Credit, Jonas Woodhead.

**Finals:** Grootvlei Proprietary Mines, Hunslet (Holdings), Arthur Lee, Marievale Consolidated Mines, United Spring and Steel.

**FUTURE DATES**

| | |
|---|---|
| **Interims:** | |
| Catalin | Dec. 19 |
| Doranakande Rubber Estates | Dec. 22 |
| Investment Co. | Dec. 16 |
| Linfood | Dec. 15 |
| Marler Estates | Dec. 18 |
| Trustees Corporation | Dec. 15 |
| Wace Group | Dec. 16 |
| **Finals:** | |
| BOC International | Dec. 17 |
| Dobson Park Industries | Dec. 18 |
| Redman Heenan International | Dec. 19 |
| Trafalgar House Investments | Dec. 17 |
| Westland Aircraft | Dec. 17 |

## £0.42m. from W. Crowther so far

TURNOVER for the half year to September 30, 1975, of W. Crowther and Sons (a subsidiary of British Land) came to £2.21m., against £3.22m. and profits slipped from £445,000 to £424,000 before tax of £221,000, compared with £231,000.

The directors state that profits are continuing to run at the same rate as for the previous year, when the final figure was £1.02m. Figures for Kembrey Engineering, have not been consolidated.

First half earnings are shown to be down from 9.5p to 9.1p per 10p share. The interim dividend is lifted from 1.4p to 1.49403p net—last year's final was 2.31284p.

Group interests include the manufacture of bricks and corrugated fireboard and property.

## Downturn at Sogomana

Estimated profit of Sogomana Group, producers of natural rubber, etc., declined from £225,500 to £110,500 in the nine months ended September 30, 1975.

An interim dividend of 0.49p net (same) has already been declared. Full year 1974 dividends were 2.51605 and taxable profit £362,828.

According to the directors, the lifting of the Malaysian Government's ban on the use of latex yield stimulants, and the recent improvement in prices, should make the remainder of the current year more profitable.

## Peak £0.6m. from Liner Concrete

REFLECTING substantial second-half progress, pre-tax profit of the Liner Concrete Machinery, group of makers of contractors' plant and construction equipment, improved by 31 per cent. from £466,746 to a record £610,916 in the year to August 31, 1975.

At the interim stage, when profit was £4,000 down at £187,000, chairman Mr. P. S. Field forecast a "good" second half.

Turnover expanded by 32 per cent. from £5.42m. to £7.17m. during the year. Group exports rose from £1.3m. to £4.1m.—57 per cent. of turnover.

After taxation of £321,595 (£252,327) net profit amounted to £289,321 an increase of 35 per cent. The net profit is subject to a deduction of £14,976 in respect of the cancelled overseas contract in last year's figures referred to in the interim statement.

The final dividend is 0.4035p, lifting the net total from 0.605p to 0.6435p per 10p share. This is the maximum allowed and considerably less than would otherwise have been recommended, the directors state.

They are considering making a rights issue of Ordinary shares in the early part of 1976 if conditions then prevailing are suitable. Proceeds will be used to provide extra premises and capacity for the manufacture of the new range of products "for which substantial demand is anticipated."

The company at present has no borrowings because U.K. sales continue to run at a low level and overdraft facilities are used mainly to finance U.K. business, the directors report. This position, however, will be reversed as U.K. sales recover, they add.

## International Property

International Property Development states that, to comply with statutory requirements, the AGM proposed for December 31 will be adjourned to a date not later than March 31, 1976.

The directors explain that they consider shareholders will wish to be fully informed concerning the substantial changes that have taken place during the latter part of 1975, particularly the sale of the Trinidadian assets.

They have accordingly decided to extend the accounting period beyond December 31, 1974, to October 31, 1975, in order to reflect these changes.

# Second half jump gives Guinness peak £29m.

IN THE SECOND half (28 weeks) of 1974-75 profits, before tax, of Arthur Guinness, Son and Co. jumped from £12.54m. to £18.08m., pushing the total for the year ended September 27 up to a record £29.08m., compared with £22.64m. on a turnover £67.64m. higher at £339.42m.

Group turnover, now running at about £1m. per day, has resulted in the considerable increase in profit to which the overseas and general trading companies have made a "notable" contribution, the directors state.

The profit—struck after heavier interest charges of £6.36m. (£4.01m.)—included share of profits of associates up from £2.82m. to £5.82m. At the attributable level the balance emerged at £13.44m. compared with £10.25m. and stated earnings per 25p share are 17.9p against 12.9p.

The dividend is raised by the permitted maximum—from 5.3336p to 5.7131p net with a final of 3.7458p.

An analysis of the trading profit shows: U.K. and Republic of Ireland £21.2m. (£18.5m.) and overseas £7.5m. (£4.6m.).

On the brewing side, the group had a mixed year in Eire where beer sales were much affected by the Budget price increase, though they have gradually recovered. In Northern Ireland sales have been reasonable despite the prevailing conditions, the directors state.

It was a difficult year in Great Britain, and sales were affected by high retail prices (including the Budget increase) and the prolonged hot summer.

It has been a good year for Guinness is almost all overseas markets, with a satisfactory increase in total sales. Harp Lager has continued its growth in home markets, and sales this year have exceeded 1.75m. barrels, members are told.

| | 1974-75 £000 | 1973-74 £000 |
|---|---|---|
| Turnover | 339,423 | 271,784 |
| Trading profit* | 28,739 | 23,122 |
| Brewing | 24,510 | 19,338 |
| Confectionery | 308 | 373 |
| General trading | 3,082 | 1,085 |
| Plastics | 735 | 1,062 |
| Property | 103 | 134 |
| Share associates | 5,822 | 2,823 |
| Investment income | 856 | 691 |
| Interest charges | 6,361 | 4,007 |
| Profit before tax | 29,084 | 22,635 |
| Taxation | 12,447 | 10,718 |
| Net profit | 16,637 | 11,917 |
| Minorities | 1,487 | 1,059 |
| Net balance | 15,150 | 10,858 |
| Extra-ord. debit† | 1,706 | 606 |
| Attributable | 13,444 | 10,252 |
| Dividends | 4,862 | 4,497 |
| Retained | 8,582 | 5,755 |

* After depreciation £8.4m. (£6.88m.) and profit sharing £1.38m. (£1.24m.). † Comprise revenue expenditure in connection with modernisation £856,000 (£635,000); terminal costs re certain non-brewing activities £577,000 (nil); book loss on sale and repurchase of investments £576,000 (nil); less profit on disposal of properties and investments £303,000 (£29,000).

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See Lex

# Trafford Carpets

Turnover of Trafford Carpets (Holdings) rose from £1.2m. to £1.39m. in the six months to September 30, 1975, and there was a profit of £5,194, compared with a loss of £38,200. In 1974-75 a full year deficit of £32,488 was incurred.

# Phoenix Timber profit

First half earnings are given as 0.36p (loss 4.04p) per 25p share, and there is an interim dividend of 0.8125p net. Last year a single final of 1.625p was paid.

From lower sales of £15.06m., against £16.32m., taxable profit of Phoenix Timber slumped from £391,000 to £23,000 during the six months ended September 30, 1975. However, Mr. A. B. Gourvitch, chairman, points out that the results, though not satisfactory, show an improvement over the taxable loss of £130,000 incurred in the second half of last year.

He reports that activity in selling markets has increased in recent months and with prices of the company's main trading commodities recovering, the directors foresee some improvement in margins during the the second half.

The parent company has recently renegotiated terms of the lease of its head office which has produced a realised capital gain of about £200,000 after tax.

Stated first-half earnings per 25p share are down from 6.5p to 0.3p and the interim dividend is being kept at 1.5p.

In expectation that the present improvement in conditions will continue, the directors consider that full year results will justify maintenance of last year's 3.2p net dividend.

| | Half year 1975 £000 | 1974 £000 |
|---|---|---|
| Sales | 15,059 | 16,321 |
| Financial charges | 592 | 612 |
| Pre-tax profit | 23 | 391 |
| Tax | 12 | 203 |
| Net profit | 11 | 188 |
| Extraordinary debit | *63 | — |
| Attributable Ord. | 9 | 126 |

* Mainly unrealised exchange losses.

## NIG BANDA—OZALID

From January 1, 1976 Nig Banda and Ozalid Company will amalgamate to become Ozalid (U.K.). Duplicated selling, administration, service and distribution activities will be merged progressively during the months ahead—the purpose of this move is to improve efficiency and economy in operations.

# National and Commercial

IN HIS annual statement, Mr. J. O. Blair-Cunynghame, chairman of the National and Commercial Banking Group—details four major features of the group's operations for last year—steeply rising costs, lower base rates, additional provisions, and the recession and sluggishness in the growth of the money supply.

On the first item he says that as direct evidence of high inflation, costs rose by about 40 per cent. While, as part of this, salary increases were substantial, cost rises in almost all other areas were proportionately greater. The chairman hopes the price control machinery will not prevent some increase in charges to customers.

As regards the base rate, he says the increasing margin was offset to the other general increases in costs and was a reflection of the stagnation of the economy which, in turn, gave rise to greater liquidity and an absence of pressure for borrowing from industry.

Mr. Blair-Cunynghame explains that the decision to set aside £10m. addition provisions between the two operating banks was taken in the light of experience during the year and of economic conditions likely to prevail for some time.

As regards total bank deposits, these rose much more slowly in the year though within the total the rate of growth of current account balances quickened, this reflecting the stagnation in the economy. Despite this the Royal Bank of Scotland experienced a greater rise in resources than last year reflecting the relatively higher level of activity in Scotland: In both RBS and Williams Glyn's the proportion of sterling deposits bearing market rates of interest followed a decreasing trend, which helped profits.

| | September 30 1975 £000 | 1974 £000 |
|---|---|---|
| Liquid assets: | | |
| Cash, etc. | 177,653 | 163,301 |
| Collections on other banks | 80,255 | 65,121 |
| Money at call and short notice | 876,684 | 316,706 |
| Bills discounted | 187,924 | 45,342 |
| Making | 792,324 | 595,570 |
| Special deposits | 47,985 | 42,500 |
| Certificates of deposit | 99,306 | 150,578 |
| Investments | 64,760 | 74,399 |
| Advances | 2,169,792 | 1,993,055 |
| Trade investments | 11,352 | 11,503 |
| Invests. in associates | 41,850 | 41,440 |
| Premises, etc. | 97,194 | 91,060 |
| Liabilities: | | |
| Deposits, etc. | 2,913,514 | 2,611,972 |
| Notes in circulation | 128,352 | 115,544 |
| Creditors, etc. | 7,722 | 6,656 |
| Taxation | 32,631 | 21,671 |
| Dividends | 3,494 | 2,439 |
| Making | 3,084,963 | 2,755,382 |
| Loan capital | 11,261 | 10,716 |
| Pensions provisions | 17,651 | 15,161 |
| Issued capital | 57,090 | 57,090 |
| Reserves | 155,964 | 142,629 |
| Post-acquisition res. of associates | 17,874 | 18,976 |
| Totals | 3,344,803 | 3,004,093 |

As reported, group profits, before tax but after the provisions of £10m. (same) showed a reduction from £41.34m. to £37.23m. in the year ended September 30, 1975, including share of associates down from £8.66m. to £4.98m. The dividend is raised from 2.0082p to 2.143p net.

Meeting, Edinburgh, January 8 at noon.

**● comment**

Roughly maintained capital strength is indicated by the balance sheet from National and Commercial, with the ratio of free equity capital (some £80m., taking investments at market value) to deposits held at 2.7 per cent., a relatively high figure for a clearing bank. The group has thus been able to maintain its position in a year which saw a sharp slowdown in growth of deposits from 28 per cent. to 11½ per cent. But like the other clearing banks the group needs substantially higher earnings if it is to build up its resources fast enough in a period of faster money supply growth.

Chairman's statement Page 29

# Setback for Shaw Carpets

FOLLOWING their earlier indications that current year prospects were not encouraging, the directors of Shaw Carpets now report a sharp fall in first half taxable profits from £367,000 to £126,000.

They explain that sales volume has been maintained, but total sales value is down reflecting the competitive situation in both U.K. and export markets.

Export sales, however, are up and this trend is expected to continue, they add.

Although the level of trading activity has recently improved, they are deferring for three months consideration of an interim dividend in respect of 1975-76. For the 53 weeks to May 2, 1975, there was a net interim of 0.875p per 10p share and a final of 1.1986p paid from profits of £834,000.

| | Half-year 1975 £000 | 1974 £000 |
|---|---|---|
| Sales | 8,165 | 8,351 |
| Including exports | 1,564 | 1,437 |
| Trading profit | 631 | 939 |
| Depreciation | 408 | 397 |
| Interest | 97 | 185 |
| Profit | 126 | 367 |
| Deferred tax provision | 54 | 131 |
| Net profit | 72 | 214 |

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# Wm. Jacks' liquidity problems

TRADING FOR the first three months of the current year at William Jacks and Co. has been satisfactory, reports the chairman, Mr. L. L. Cooper, in his annual statement.

However, until the principal manufacturing and trading nations show signs of a major recovery, the company's interests will continue to be affected by poor demand, he warns.

No dividend will be paid on the 3.25 per cent. (plus related tax credit) Cumulative Preference shares until the directors are fully satisfied that the deficiency on capital has been securely recovered. The directors had hoped to advice repayment of all dividends outstanding but since closing the accounts, the adverse effect of the devaluation of sterling has indicated that any dividend paid could mistakenly have been paid out of the company's capital base.

Liquidity is still a matter of concern, says Mr. Cooper. The company has been unable to obtain foreign exchange approval for the remittance of authorised Zambian dividends. Increased working capital requirements for the successful motor group have further increased the burden on liquidity.

The company's auditors have drawn attention in their report to the high level of borrowings and the possible effect on the Balance Sheet of a sale of long term investments. Such a sale of sufficient long term investments as will discharge a major proportion of the company's debts is being negotiated, the chairman says, and while some progress has been made towards reducing borrowings the company still requires to make further "significant" disposals which will reduce liabilities to a reasonable level and remove the burden of interest charges.

While it is difficult to anticipate what the final outcome will produce in terms of proceeds "it appears unlikely that the realisation will be less than the cost of the investments."

With the company's bankers approval negotiations are taking place for the sale of investments which will extinguish this major debt. This action will put borrowings back in balance "leaving a much healthier company."

As known, pre-tax profit for the year ended June 30, 1975 was £0.46m., compared with £0.33m.

William Jacks and Co. (Malaya) Berhad owns 48.35 per cent. of the equity. Meeting, Winchester House, EC, Dec. 31, at 10.30 a.m.

# OVERSEAS MINING ASSOCIATION

## A YEAR OF RECESSION

## STATEMENT BY MR. R. D. DALE

**The Thirtieth Annual General Meeting of Overseas Mining Association was held in London on December 11, 1975.**

**In his speech to the members, the retiring President, Mr. R. D. Dale, F.C.A., said:**

During the course of this past year, it was hardly to be expected that the mineral industry would prosper any more than other extractive and manufacturing industries. Rapidly rising costs of labour and equipment, combined with depressed prices for the metals and minerals we produce, have inevitably led to lower profits and a series of cautious reports by company chairmen.

Despite these unfavourable conditions, however, this has not been a year of defeatism but of thinking and planning for the future. The Association had been asked a year ago to comment on a document produced by the European Commission on the subject of Community Raw Materials Supply. While we recognised that the ensured continuity of raw materials supplies in the future was essential to the long-term interests of the United Kingdom and of the EEC as a whole, we felt strongly that the British Government was not encouraging the United Kingdom mineral industry to take the requisite action. This discouragement is evidenced by a whole range of disincentives, of which one may cite, as examples, discriminatory taxation, exchange control, unwillingness to insure overseas investment, political restrictions against certain mineral-producing countries and a lack of positive interest in mining education.

The Association established a working party to examine the whole subject of supplies of metals and minerals to the United Kingdom and to present a report to the Council. A comprehensive and challenging report was produced and submitted to H.M. Government.

While the Association was engaged on these studies and discussions in the United Kingdom, representatives of the larger mining groups in our membership were meeting with those of major mining groups in the remainder of the European Economic Community as a result of which a document comparable to our own Report was submitted to the European Commission.

### United Kingdom Taxation

The Taxation and Tariffs Committee were even more active than usual, in that 1975 has seen two Finance Acts passing on to the statute book instead of the usual one. These were carefully considered by the Committee and, where appropriate, representations were made to the Chancellor and to the Inland Revenue, albeit without any tangible result.

We are living in a period when all who seek to run profitable enterprises are frustrated by high taxes associated with complex legislation. This is multiplied in the case of those operating overseas by the incidence of foreign taxation and varying political climates. Whereas the mining industry does not seek to reduce its fair share of the necessary burden, we shall continue to give close attention to all relevant legislation with a view to ensuring as far as possible that defects and injustices are highlighted and brought to the attention of those who have the power to remedy them. In particular, the Association will continue to press for the complete elimination of double taxation on the profits from overseas operations.

It is inevitable that the Government ministers responsible for the matters, on which submissions have been made by the Association in the past year, should be primarily engaged on the control of inflation in this country and on measures aimed at stabilising the economy. In time, as and when these measures take effect, and with the encouragement of increasing discussion of raw material procurement in the European Commission, we may hope that progress will be made in providing a more equitable fiscal and financial climate in which our industry can work.

### Canada and the EEC

The EEC has sent delegations to Canada in 1975 to study the possibility of that country entering into long term contracts with the Community for the supply of essential raw materials. One delegation dealt with uranium and another with non-ferrous metals and I am pleased to say that the Association was invited to nominate representative members of both these delegations. Mr. L. L. C. Smets represented us on the former and Mr. A. G. Davies and Mr. A. G. Moncrieff on the latter.

### EEC Working Parties

As a result of a meeting with the EEC Commission in September 1975, attended by members of the Association, two working parties have been set up jointly by the Commission and the European Mining Companies. One of these (under the Chairmanship of Mr. J. A. Clay) is to study the supply of and demand by the EEC for copper over the ten years to 1985. The other working party (under the Chairmanship of Mr. L. L. C. Smets) is to study the problem of political insurance for overseas investments.

### Manpower and Careers Unit

During the year, residential courses were successfully conducted by Mr. G. A. Cox. Experience has shown that these courses are more effective when aimed at science masters and careers masters than when aimed in the first instance at the boys themselves. The Unit's objective is to convince these masters that the minerals industry provides a satisfying and honourable career, and to supply them with information about the industry for purposes both of teaching science and of offering careers advice.

About 300 masters have taken part in the courses, thus providing a firm base of well informed teaching staff across the country. During the coming year, there will be further development of sixth form school project work connected with the mineral industry. It is hoped by this means that there may be, with the boys themselves, further development of the enthusiasm for the mineral industry shown by science and careers masters, which they will have passed on to the boys.

Mr. Cox, in addition to conducting courses in the United Kingdom, has mounted similar courses in South Africa designed primarily to improve recruitment in the fields of mineral processing and extractive metallurgy, in which a shortage of suitable applicants exists in that country.

Mr. M. J. Walsh, who is responsible for the Manpower Survey, completed a report on the professional, managerial and qualified manpower in the mining industry of South Africa which is intended as a guide to demand in the future.

### Scholarships and Bursaries

The first two recipients of Mineral Resources Open Scholarships have now graduated, one with first class honours, and are now serving the industry. Four scholars are at university, including two with new awards made this year, and there are some bright prospects for more awards in 1976. Apart from the four scholars there are sixteen students at universities with Mineral Industry Bursaries.

### Acknowledgments

It gives me great pleasure to express appreciation of the valuable work of the Committees and Council of the Association and of the Working Party, and of the loyal and efficient services of our Secretary, Mr. S. J. Whiteman.

## COMPANY NEWS IN BRIEF

**ABERDEEN TRUST**—Results for the year to September 30, 1975, reported November 19. Quoted investments U.K. £22.13m. (£11.33m.), book value £12.78m. (£11.33m.). Overseas £12.6m. (£8.52m.) and £5.82m. (£6.1m.). Unquoted £0.37m. (£0.2m.) and £0.35m. (£0.37m). Meeting, Aberdeen, on December 30 at noon.

**ASSOCIATED TEA ESTATE OF CEYLON**—Net profit 1974 £24,611 (£8,297), after tax credit £2,646 (£257) and nil (£12,154) cancellation of provision for dividends and relative FEEC's of prior years, and provision for capital levy £165 (nil). Fixed assets £210,253 (£201,880). Net current assets £21,939 (£14,814). Meeting, Sevenoaks Dec. 29 at noon.

**BISICHI TIN**—Results for 1974 already known. Net current assets £86,778 (£116,169). Meeting, Winchester House, E.C., on December 31 at noon.

**CUMULUS INVESTMENT TRUST**—Results year ended September 30, 1975, reported November 18, with net asset values. Chairman says that maintenance of total income in the current year depends to a large extent on the results of the two subsidiaries—Cumulus Finance and Coggan Smith and Co. It is however hoped to maintain the dividend. Having sold the Trust's high-yielding local authority bonds and having invested the proceeds in equities, income for the current year will be considerably reduced. Meeting, 20, Fenchurch Street, EC, December 31, at noon.

**JANTAR**—Profit £47,568 (£30,350), after all charges including tax of £41,649 (£1,416). Dividend 2.4p (1.[illegible]p). Profit is before debiting adjustments in prior year of £10,019. Meeting [illegible] with optimism.

**MAJEDIE INVESTMENTS**—Because of unforeseen delay in completing accounts of one subsidiary, dividend of 3.4664p will now be paid as interim in lieu of final about December 22. To comply with statutory requirements AGM convened for December 30 but will be adjourned to January 27, 1976, by then shareholders will have had time to consider report for year to September 30, 1975.

**MELLINS** (lingerie and babies' wear manufacturer)—Pre-tax profit £32,462 (£38,063) for year 1974 from turnover £0.81m. (£0.72m.). Chairman, Mr. J. I. Taubman says that although trading conditions in 1975 extremely difficult, companies have maintained their position and he hopes to report continued upturn in profits. Meeting, 138a New Bond Street, W., Dec. 29, noon.

**MID KENT WATER CO**—Pre-tax revenue for year to Sept. 30, 1975 £0.85m. (£0.61m.), dividends £0.5m. (£0.4m.). Capital expenditure £13.25m. (£11.13m.). Meeting, Snodland, Dec. 30, noon.

**MTD (MANGULA)**—Results year ended Sept. 30 1975 already known. Mining assets (Rhodesian) $21.7m. ($21.09m.). Meeting, Salisbury, Jan. 20.

**NORTHERN AMERICAN TRUST COMPANY**—Results, year ended November 1, 1975, already known. Investments £38.89m. (£34.58m.)—unrealised appreciation £13.76m. (£101,278). Barring a major change in circumstances it is intended to maintain the dividend rate. Meeting, Dundee, December 30, at noon.

**PHOENIX MINING AND FINANCE**—Results, year ended Sept. 30, 1975, already known. Associates £140,985 (£140,401). Net current assets £308,797 (£295,084). Meeting, Winchester House, E.C., Dec. 30 at 12.45 p.m.

**W. J. PYKE (HOLDINGS)**—butchers—Interim dividend 0.9384p net per 10p share. No final dividend will be recommended (0.97834p). Results for year to June 30. [illegible] Meeting [illegible].

**RAND MINES PROPERTIES**—Results year ended September 30, 1975, already known. Group fixed assets R30.19m. (R19.24m.). Current assets R7.35m. (R8.27m.), liabilities R7.87m. (R8.02m.) and deferred liabilities R4.97m. (R5.71m.). Meeting, Johannesburg, January 23.

**RICHARDSONS WESTGARTH** has decided for administrative considerations to alter the financial year-end to December 31. The current financial period will therefore terminate on December 31, 1975, and will cover the nine months ending on that date. Interim announcement for six months to September 30, 1975, will be made on January 21, 1976.

**SHEAF STEAM SHIPPING COMPANY**—Results year to July 31, 1975, and observations on prospects reported November 10. Group fixed assets £21.15m. (£18.86m.). Current assets £4.36m. (£7.48m.), liabilities £2.07m. (£2.19m.). Meeting, Newcastle-upon-Tyne, December 30, noon.

**THE SCOTTISH AND MERCANTILE INVESTMENT COMPANY**—Results for year ended March 31, 1975 already known. Total investments £4.87m. (£4.85m.), net current assets £0.56m. (£0.51m.). Meeting, Winchester House, EC, December 30, at noon.

**TRIPLEVEST**—Net asset value per capital share at November 30, 1975, was 189p (163½p at August 31).

**TONGKAH HARBOUR TIN DREDGING**—Results year ended June 30, 1975, already known. Fixed assets (Malaysian) $1,361,250 ($1,625,777). Current assets $7.2m. ($9.23m.) and liabilities $2.11m. ($2.59m.). Meeting, Kuala Lumpur, December 30.

**J. W. WASSALL** (multiple footwear retailers)—Turnover £637,287 (£585,353), six months to September 30, 1975. Profit £3,320 (£17,214) after tax of £9,000 (£18,700). Interim 0.2p net (0.55326p).

**BEN WILLIAMS AND CO.** (wholesale clothing manufacturers)—No interim dividend [illegible] first half [illegible] before [illegible] dividend [illegible] year's [illegible].

**WOLVERHAMPTON STEAM LAUNDRY**—Turnover £250,000 (£210,000) for six months to September 30, 1975. Trading profit £5,400 (£2,600). Depreciation £3,400 (£3,800). Tax recoverable nil (£1,300). Transfer to deferred tax reserve £1,100 (nil). Attributable £1,900 (£1,100 loss). Chairman, Mr. J. B. Brockbank, says future still remains obscure. General depression surrounding industry bound to be reflected in demand for services.



# BOND WORTH HOLDINGS LIMITED

## PRELIMINARY ANNOUNCEMENT

The Group results of Bond Worth Holdings Limited for the fifty-two weeks ended 28th June, 1975 are as follows:

| | 52 weeks to 28th June 1975 £ | 52 weeks to 29th June 1974 £ |
|---|---|---|
| Turnover | 81,349,069 | 75,939,974 |
| Trading profit | 2,607,852 | 4,050,292 |
| Finance charges | (2,112,670) | (1,701,004) |
| Profit before taxation | 495,182 | 2,349,288 |
| Associated companies | 3,434 | 4,918 |
| | 498,616 | 2,354,206 |
| Taxation | 4,583 | (997,733) |
| Profit after taxation | 503,199 | 1,356,473 |
| Minority interests | 71,680 | (16,704) |
| Profit available for distribution | 574,879 | 1,339,769 |
| Earnings per share of 25p | | |
| 1. With relief for past tax losses | 4.3p | 10.1p |
| 2. Without relief for past tax losses | 3.3p | 9.4p |

1. There is now widespread agreement that current methods of presenting company results are misleading, particularly in modern conditions of high inflation and high interest rates, and alternative accounting systems are currently under review by the Government. Pending the introduction of some more satisfactory system, I would once again emphasise, to shareholders, the importance of the trading profit figure in judging the results of a highly geared company. Inevitably, a company deriving a high proportion of its working capital from borrowings will show a lower pre-tax profit than one not so geared, because it has had to deduct considerable interest charges from the trading profit before arriving at the pre-tax figure. In doing so of course, it saves a considerable sum in taxation. Moreover, since British interest rates have been less than the going rate of inflation for some time, in real terms interest rates are negative. As the Economist asked recently "How (other things being equal) can the company which is ungeared (i.e. has no borrowings) be operating as profitably as the geared company, whose debts diminish in real terms every day?"

2. It is also pertinent to note that with a major portion of our turnover now in wholesaling and retailing our borrowings are mainly employed, not in financing long-term speculative investment involving a high-risk, fixed element but in short-term trading, at relatively low risk. For example, we carry approximately seventeen million pounds worth of prudently valued working stocks, turning over four and a half times per annum and virtually none of the June stock remains in current stocks. This places our borrowing in a quite different risk category than, say, some of the massive borrowings involved in the recent problems of the property market. In spite of inflation and acquisitions our borrowings did not rise significantly during the financial year, nor have they changed much during the current six months. With profits currently improving, significant past losses still available for tax set-off and a further massive set-off of approximately £3,250,000 accruing from the Government's stock profit relief, the group will have no tax liabilities for some time to come, with consequent considerable benefit to cash flow.

3. The fall in trading profit during the year was caused primarily by exceptional losses of approximately £700,000 during the six months ended June, in our Australian subsidiary. The bad general economic conditions in Australia had illuminated our excessive dependence on imported merchandise. With the growing Australian Government drive for more industrial self-sufficiency, and the growing cost of shipping goods to Australia, we decided to establish a much stronger local manufacturing base, effectively reversing our proportion of locally-produced to imported goods from 25/75 to 75/25. During the second six months, therefore, we moved out of our old factory at Mornington into much larger premises nearer Melbourne and added to our existing local Axminster plant a comprehensive modern tufting plant. The consequent upheaval aggravated our losses during the period but the move has proved very successful and the whole plant is now running at full production and making very handsome profits. Our Canadian merchanting company involved, as it has to be, in specialised merchandise not readily transferable to other markets lost £150,000 during the period as a result of the scale and speed of general North American destocking. Rivington Carpets Limited, our tufting subsidiary in the U.K. incurred some losses during the second half of the year, partly owing to some maladroit dumping in the European market by foreign fibre producers, which damaged our export trade, partly owing to adverse feed-back from the growing general over-production of printed tufteds, and partly from loss of efficiency owing to persistent and costly industrial disputes which have only recently been resolved. Certainly Rivington is now trading profitably in a very difficult market. We have considerably reduced our vulnerability in this area by disposing of our fifty per cent interest in G.T. Carpets Donegal to the Irish Government and considerably reducing output and overheads at Rivington. These contractions involved us in redundancy payments of £75,000. I should also point out that the pernicious and grossly unfair Government price controls cost us approximately £500,000 in lost profit during the period.

4. A considerable improvement in overall performance has taken place as a consequence of these remedial measures and management accounts indicate that trading profit for the current six months should be approximately £2,000,000 and pre-tax profit for the same period not less than £1,000,000. Our Axminster section which turned in record profits last year continues to progress during the current period. The new automated furniture plant is beginning to pay growing dividends and the Meredew Furniture Division, which will make more profit in the current six months than during the whole of last year, should, saving unforeseen eventualities, again double its profit performance in the second six months of the current year. Gainsborough, our wholesale division, notwithstanding some local problems in special areas such as Ireland, and the inevitable starting up losses involved in the establishment of two new major depots in the U.K., continues to turn in excellent profits.

5. We have, for several years past, pursued a vigorous policy of overseas development particularly in Europe. This has been a lengthy and expensive process, particularly since most of the countries concerned have been deflating vigorously in recent times, and we have, during these years, written off against trading profit, large, often intangible, sums, for what is essentially the cost of pioneering new development. We have, during the past year, greatly tidied up the results of these turbulent development years, eliminating unsuccessful experiments and extending new growth of proved value. As a result we now have a smaller, better controlled and more profitable group in Ireland; we have beneficially restructured our wholesale group in Holland; we have already got our new French retail sector passing from inevitable starting-up losses in the first few months to about break-even achievement in recent months, with four supermarket shops established and going well and further development in train; and in Germany, as recently announced, we have greatly strengthened our management and profit prospects by merging our own extensive retail and wholesale organisation with Sudema, the largest and most efficient cash-and-carry group in Southern Germany.

6. In further pursuit of greater international selling power and complementary links with E.E.C. producers, I am pleased to announce that we have, this week, reached an agreement, subject to Bank of England and Treasury approval, with Manta S.A. of Wassmunster, Belgium, the largest European producer of blankets, who have two main plants in Belgium and three in Africa, for a formal association in which Manta will acquire one hundred per cent. of Moderna (Witney) Ltd. (a wholly owned Bond Worth subsidiary acquired during the year), and Bond Worth will take up a minority holding in Manta on a share exchange basis. I will join the board of Manta S.A. and Mr. Luc de Lovinfosse, vice-president and chief director of Manta, will join the board of Bond Worth Holdings.

7. BONDAX, the new, high-speed, patterned-carpet-making machine invented by Bond Worth is now being made by Platt Saco Lowell Limited in 4 metre width. The narrow prototype machine already operating at Stourport is producing excellent carpet in Axminster patterns at some five times the speed of existing production and yielding considerable savings in material utilisation. Royalties on production from these machines, in which strong world-wide interest has already been evinced, should begin to yield a considerable profit to our company in the late seventies.

8. The year ended June 1975 was a year of exceptional difficulty. Although the final profit outcome was disappointing, the fact that we contained and serviced our borrowing, increased our investment, covered our dividend, kept most of our 7,000 work force employed at very much higher rates of pay, expanded our turnover, and consolidated and extended our overseas activities, reflects credit on all who have been concerned in grappling with the unprecedented problems.

9. The charge to taxation has been reduced by relief from previous tax losses brought forward and, through deferred taxation, in respect of certain overseas losses, which is expected to become available as a result of those subsidiaries trading profitably this year. In addition, profits earned elsewhere overseas benefit from low rates of taxation (compared with United Kingdom rates) until these are remitted to this country.

10. A final dividend of 2.03125p per share will be paid on 26th March, 1976 to shareholders on the register as at 27th January, 1976, making 3.65625p per share for the year, which is the maximum payable under current Government legislation.

11. The Annual General Meeting will be held at the Worcestershire Hotel, Droitwich at noon on Friday, 27th February, 1976.

J. T. Murray
Chairman
11th December, 1975

# No less profit from ATV

REFLECTING A fall in the television and record divisions, first-half group pre-tax profit of Associated Television Corporation decreased from an adjusted £2.34m. to £2.03m.

The directors, however, feel confident that the final results for the year will not be less than the £5.75m. profit for 1974-75.

The second half is already receiving the benefits of increased advertising revenue and other divisions of the group are progressing favourably.

The major benefits from the current success in feature film production will commence to flow in 1976-77 they add.

Stated earnings per 25p share for the half-year slipped from 2.64p to 2.36p. The interim dividend is 1.85p net, as before—total for the year to March 30, 1975 was 3.9p from earnings of 6.51p.

| | 26 weeks 1975 to 28.9.75 £000 | *1974 to 22.9.74 £000 | Year 1974-75 £000 |
|---|---|---|---|
| Group turnover | 30,311 | 28,183 | 60,838 |
| Profit | 2,028 | 2,344 | 5,746 |
| Taxation | 1,055 | 1,219 | 3,010 |
| Net profit | 973 | 1,125 | 2,736 |
| Minority | 16 | *21 | [illegible] |
| Attributable | 989 | 1,105 | 2,725 |
| Dividends | 774 | 774 | 1,631 |

* Figures for 1974 (27 weeks) adjusted to compare with 26 weeks of this year. Profits.

## ● comment

Associated Television's shares have risen by three-quarters over the last four months, and the interim statement is certainly reassuring, despite a 13 per cent. drop in pre-tax profits, with both records and television (45 per cent. of last year's pre-interest total between them) lower. But TV advertising revenue has been much higher since the summer—up by a quarter during September and October according to industry figures—and with other divisions also moving ahead, the hope is that the first-half setback can be more than recouped in the current six months for a group total not less than the £5.7m. of 1973-74. The exact outcome could depend partly on the film side where the 10 films so far released are all doing well, though returns only come in gradually and it will not make its major impact until 1976-77. The "Return of the Pink Panther" and "Farewell My Lovely" are described as outstanding, and the company hopes that the former could bring in profits of £5m. to £6m. over the next three years. The apparent potential here and a yield of 9.2 per cent. underpin the shares at [illegible]p.

# Crosby House holds interim

Crosby House Group, a holding company with plantation, freight forwarding and warehousing etc., interests, is again paying an interim dividend of 4p net per £1 share. Total for the year 1974 was 8½p.

First half 1975 profit earned in the U.K. was £113,000—the figure for the same previous year period was £93,000, to which was added £43,000 remittances from Sri Lanka in respect of prior years profits. Turnover amounted to £2.47m. against £1.89m.

Figures for the planting subsidiaries have not been incorporated, as the company's policy is not to consolidate trading results from Sri Lanka until remittances have been received in the U.K., and insufficient crop had been sold in India to give an indication of profitability.

After U.K. tax of £59,000 (£71,000) the first half net balance was £54,000 compared with £65,000.

# G. Bassett £1.18m. at midway

ON SALES up from £27.06m. to £34.55m., pre-tax profit of confectionery manufacturers, Geo. Bassett Holdings, improved to £1,175,000 for the 28 weeks to October 10, 1975, compared with "the disappointing" £251,000 for the corresponding period a year earlier.

While it is not possible to make a reliable forecast for the year to March 31, 1976, current trading is reasonable but not quite up to the exceptionally buoyant trading experienced during the second half of last year, says the chairman, Mr. D. G. Johnson. Profit for that period was £1,372,000.

Efforts during 1975 have been concentrated on improving liquidity and this is now "very satisfactory," the chairman adds. Total borrowings are now low in relation to net tangible assets.

The interim dividend is 0.78p (0.804p) net per 25p share—equal to a maintained 1.2p gross. Last year's net final was 3.4125p.

| | 28 weeks 1975 £000 | 1974 £000 |
|---|---|---|
| Sales | 34,545 | 27,055 |
| Interest charges | 164 | 167 |
| Pre-tax profit | 1,175 | 251 |
| Taxation | 606 | 130 |

## ● comment

Geo. Bassett's recovery trend, which began in the second half of last year has continued into the first six months of 1975-76. From here on, further improvement will be harder to come by, but profit margins are holding steady so far (at 3.5 per cent. they are roughly equal to the level of the second six months of last year) and within the 28 per cent. rise in first-half sales volume appears to be maintained. The second six months will compare with a very strong period last time and that could put a maintained improvement out of the question. However, there seems no reason why the current half-year should not produce the same profits as the first six months and this would provide a maintained gross dividend, yielding 8.9 per cent. at 80p, with a net cover of nearly twice.

# Alliance Building

IN A RECORD year to November, 1975, total assets of Alliance Building Society rose from £685m. to £843m.

The £158m. increase is more than the total assets of the Society in 1963, which had taken the Alliance 100 years to achieve" says the chief general manager, Mr. Roy Cox.

Sums paid in by investors during the year increased by £125m. to a record £297m. The number of investing members were up from 364,000 to 426,000.

Mortgage advances rose to a peak of over £170m.—£106m. more than in 1974.

## MINING NEWS

# Cost of Unisel's mine advances to R55m.

BY KENNETH MARSTON, MINING EDITOR

WHILE GOOD progress is being made in the construction of the Unisel Gold Mines property, in which Union Corporation and Selection Trust are the major partners, the cost of the South African gold newcomer has escalated from an originally estimated R40.7m. to R55m. (£31.3m.).

But it is proposed to postpone certain items of capital expenditure until after the production stage is reached, thereby reducing the cost of the pre-production programme to R49m.

The postponed items will be subsequently paid for out of working profits. It remains to be seen, however, how this will affect the previous hope of a first dividend being paid in 1979 following the expected start of production in August 1978.

## Winkelhaak values

In the other annual reports issued by the Union Corporation gold producers, Winkelhaak mentions "some encouraging values" obtained in the area to the west of No. 2 shaft on the 8 and 9 levels and in the area under option, adjacent to the eastern boundary.

*Bracken* is expected to continue in production for another five to six years, while Leslie now has reserves sufficient for only four to five years of profitable operations at current gold prices.

Kinross says that its new No. 2 shaft is due to be completed by the middle of 1976 and thus allow development to take place in the potentially important northern area of the mine, but there are no plans for an increase in production capacity.

St. Helena hopes to commission the first mill of its new reduction plant by mid-1976 and has started development work which will eventually explore the Oogegund area over which exclusive prospecting rights are held.

## General outlook

Taking a general view of gold mining prospects the chairmen of the companies point to the increase in revenue which has followed South Africa's recent devaluation—a gold price of $145 per ounce now equals R4,051 per kilogram compared with R3,344 previously—but they warn that the benefits will be quickly lost unless inflation is got under control.

They point out that in the negotiations for the coming five-day week on the mines, the white Mine Workers' Union has agreed to allow black miners to carry out more skilled jobs which, with the more flexible use of the labour force, should lead to increased productivity. No rapid increase is anticipated in the gold price in the immediate future, but in the long term it is expected to move upwards in line with inflation.

## GOOD YEAR FOR PETALING

Estimated net profits of Petaling Tin for the year to October 31 have risen to $M3.04m. (£581,000) from $1.08m. in 1973-74. An increased output of 1,275 tonnes of tin concentrates against 843 tonnes has offset the effects of a lower average Penang metal price of $965 per picul, down from $1,111 per picul in the previous year.

The Board is to consider whether production should be restricted in the light of the International Tin Council export quotas and the company's limited financial resources available for holding tin ore stocks; this decision which will be influenced by the ITC announcement on Tuesday that for the first quarter of 1976 it is increasing its restrictions on exports.

Petaling's chairman said in the last annual report that if 1974-75 profits permitted, the payment of a "small" interim dividend would be considered in about the middle of 1976. The shares were 112p in London yesterday.

# OMA takes a longer view

STRESSING the importance to the U.K. and the European Economic Community of a continuity of raw materials supplies in the future, the Overseas Mining Association warns that the British Government is still giving no encouragement to the world mining companies which are based in the U.K.

The retiring president of OMA, Mr. R. D. Dale, points to disincentives here such as discriminatory taxation, exchange control, unwillingness to insure overseas investment, political restrictions against certain mineral-producing countries and a lack of positive interest in mining education.

The Association has submitted "a comprehensive and challenging" report to the Government on the subject of metal and mineral supplies to the U.K. and a similar document has been submitted to the EEC. Meanwhile, delegations have been sent by the EEC to Canada to study the possibility of that country entering into long-term supply contracts for materials which include uranium and non-ferrous metals.

## APPROVAL FOR AMCOAL DEAL

Proposals for the formation of Anglo American Coal Corporation were formally approved by shareholders in Johannesburg yesterday. Shareholders of Vereeniging Estates also approved the company's change of name to Anglo American Coal Corporation and an increase in share capital.

Schemes of Arrangement will be entered into by Amalgamated Collieries of South Africa, Blesbok, Coronation, New Largo and South African Coal Estates. These schemes are subject to confirmation by the Supreme Court and if so confirmed would become operational on January 5, 1976.

The merger will assemble major Transvaal colliery undertakings, together with substantial holdings of and rights to coal reserves, to assure a long term future and provide a balance between the domestic and the export markets. It will also create a group with the financial capabilities required to raise funds for future expansion, it is stated.

# 'Sallies' final

A FEATURE of the Anglo American Corporation group's gold-mining final dividends is the much better than expected payment declared by South African Land and Exploration. At 22.5 cents (12.8p) it compares with anticipations of about 15 cents and, following the severe reduction made in the interim, it brings the total for the year to 30 cents compared with 85 cents for 1974.

Western Deep's final of 80 cents (45.5p) is rather above expectations and makes a 1975 total of 147.5 cents, against 160 cents. But hopes of a payment of up to 120 cents are dashed by Vaal Reefs which is declaring only 100 cents (56.9p) to make 175 cents against 220 cents. No dividend is being declared by the loss-making East Daggafontein.

The latest payments are compared below.

| | Dec. 1975 cents | June 1975 cents | Dec. 1974 cents | June 1974 cents |
|---|---|---|---|---|
| E. Daggafontein | nil | nil | 10 | 15 |
| S.A. Lands | 22½ | 7½ | 42½ | 42½ |
| Vaal Reefs | 100 | 75 | 126 | 100 |
| W. Deep | 80 | 67.5 | 90 | 76 |

* Interim.

Southvaal announces an estimated profit for 1975 of R2.26m. (£1.28m.), compared with R2.06m. The dividend for the year, however, is being reduced to 8 cents (4.5p) from 9 cents.

## MESSINA TO DO A LITTLE BETTER

"An upward trend in our earnings" for the year to next September is forecast by Commander H. F. P. Grenfell, chairman of the Messina (Transvaal) South African and Rhodesian copper and industrial group. For 1974-75 net profits fell to R7.45m. from R19.86m. and the dividend was reduced by 25 cents to 35 cents.

During the past year the non-mining side of the company's operations provided 58 per cent. of consolidated earnings but dividends receivable from the holding company represented only 38 per cent. of income, thus leaving Messina primarily dependent on its earnings from copper.

The group's copper output is sold on the basis of the London Metal Exchange price which currently stands at around the average for the year to last September which was £560. Messina's income, however, has been increased by the September 22 devaluation of the rand which makes a pre-devaluation price of £560 now equal to one of £682.

Results from the molybdenum exploration programme at Richtersveld were disappointing and work has been halted while in South West Africa an evaluation is now being made of drilling on the Joumbira prospect. There is no fresh news concerning Sabina Industries' Irish base metal prospect, in which Messina has a 47.5 per cent. stake. Messina were 290p yesterday.

## HUDBAY CUTS DIVIDEND

The Anglo American Corporation group's Canadian offshoot, Hudson Bay Mining, is reducing its quarterly dividend rate to 20 cents (9.88p) from 40 cents. For 1974 the company paid dividends totalling $1.60. No reason is given for the cut but a company spokesman said that an announcement as to why the decision was taken is likely to be made shortly.

## BIDS AND DEALS

### WEYBURN ENTERING U.S. MARKET

Weyburn Engineering has agreed to acquire a majority stake in Camshaft Specialties of Michigan, U.S. Subject to fulfilment of various conditions including granting of Bank of England consent, Weyburn will acquire 57 per cent. of the equity of CSI for $1.4m. by subscribing $450,000 for 18 per cent. and acquiring the balance from existing holders for $950,000.

Mutual options will also be granted under which Weyburn may acquire the remaining 43 per cent. in two years' time.

CSI manufactures a wide range of camshafts for diesel and other engines and has technical expertise complementary to that of Weyburn. Prior to completion, Engine Dynamics Parts Corp. at present an associate of CSI, which distributes components to the automotive replacement market, will become a wholly owned subsidiary of CSI.

Purpose of the acquisition is to provide Weyburn with access to the fast growing U.S. original equipment market for diesel engines.

Unaudited pre-tax profits of CST and Engine Dynamics for the year to August 31, 1975 are approximately $500,000 and the book value of net assets, after the subscription, is estimated at approximately $1.5m.

### ALCO MET.—SCOTIA

The Alco Metropolitan Properties offer for Scotia Investments has been accepted in respect of 2,537,980 shares, which with 3,643,931 already held, represents 87.08 per cent. of the issued capital. Figures do not include certain acceptances which remain to be validated.

### MAGNET-SOUTHERNS

Charterhouse Japhet reminds shareholders of Magnet Joinery and Southerns-Evans that the last time for acceptance of the offers by Magnet and Southerns Limited is 3 p.m. on Monday, December 15.

# Incledon expansion overseas

TURNOVER of Incledon and Lamberts was virtually unchanged at £2,398,811 for the half year to September 30, 1975, compared with £2,462,924. Pre-tax profit was £355,956, against £351,319 and showed a considerable improvement on last year's second half figure of £267,723.

They consider the performance "satisfactory" and an indication of the success so far achieved in expanding overseas trade. In the case of both subsidiaries, the home market is at a low ebb and is likely to continue so for some time to come.

However, the directors are confident that with developments planned, the group's future is one of real growth although they do not expect current developments will greatly benefit the second half.

The interim dividend per 25p share is raised from 0.735p to 0.784p net. Total for the year ended March 31 1975, was 3.044p.

Through a subsidiary—Durapipe—agreement has been entered into with Calan of South Africa to form an equally owned joint company to manufacture and market thermoplastic pressure pipework systems in South Africa.

Additionally Durapipe is negotiating joint venture manufacturing operations in a number of other countries.

| | Six months 1975 | 1974 | Year 1974-75 |
|---|---|---|---|
| Turnover | 2,398,811 | 2,462,924 | 4,777,524 |
| Profit | 355,956 | 351,319 | 618,042 |
| Taxation | 185,097 | 182,686 | 300,799 |
| Net profit | 170,859 | 168,633 | 318,243 |

Full benefits of these ventures should have an important effect on profits in future years, say the directors. Ansell, Jones and Co.—a subsidiary—is also continuing to develop its overseas business.

The company makes plastic pressure pipes and fittings, and lifting tackle.

# Estates & General

Following the defeat of the proposed merger with County and Suburban Holdings, the Board of Estates and General Investments has been actively considering the future of the company.

As a first step, Lazard Brothers and Company have been appointed financial advisers and Sir Geoffrey Kitchen, Mr. Eric Lombard Knight and Lord Wilson of Radcliffe have accepted invitations to join the Board.

The Board has commenced a thorough review of the present position of the company and its objectives.

# INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Oil losses still heavy burden for VEBA

BY ADRIAN DICKS — BONN, Dec. 11.

CONTINUED SEVERE difficulties on the oil side of its activities were mainly responsible for a sharp decline in the profits of VEBA, the West German energy giant in which the Government holds a 43 per cent. interest.

In a statement to-day the company's management revealed that during the first nine months of this year, profits after tax and other deductions amounted to only DM78m. (on a provisional basis) compared to DM206m. during the first nine months of 1974. This is the first time that VEBA has issued consolidated nine-month figures, reflecting its takeover of Gelsenberg, earlier this year, though last year's results have been recalculated to reflect the change.

As its chairman, Herr Rudolf von Bennigsen-Foerder, intimated earlier this year, heavy losses on refining activities were expected to continue into the latter part of this year. In the event, VEBA was operating refineries at only 60 per cent. of capacity. It attributed its difficulties to-day to the overall situation for the oil industry, and in particular to the problems of the heavy heating oil market.

In contrast to this sombre picture on the oil side of its activities, however, the VEBA group showed a 14.7 per cent. increase in turnover for its electrical utility interests, which amounted to DM3.3bn. compared with DM2.9bn. a year earlier. Second to its oil interests, which had a turnover of DM5bn. during the period, the electrical utilities side remained the next most important aspect of VEBA's activities, as well as the fastest growing.

However, the continuing low level of economic activity also hit VEBA hard in two major sectors of its chemical interests—plastics and fibres. Although it reported some gains in organic and inorganic chemicals, the chemicals side as a whole registered a 32.4 per cent. decline in turnover compared with the first nine months of 1974, reaching DM1.3bn.

As part of its report to-day on the first nine months' activity, VEBA also revealed that investments during the period increased slightly over the 1974 level, from DM1.5bn. to DM1.6bn. The emphasis of this effort shifted even more strongly in favour of the group's electricity interests, which absorbed 82 per cent. of the total as compared with 74 per cent. a year earlier. Investments for 1975 as a whole is expected to reach about DM2bn.

## Paribas expects strong gain

BY RUPERT CORNWELL — PARIS, Dec. 11

CIE FINANCIERE de Paris et des Pays Bas, holding company of the Paribas merchant banking and investment group, is expecting a healthy rise in earnings for 1975, and will be able to increase its dividend to shareholders from this year's Frs.11.00.

This happy news was given in a letter to shareholders by President M. Jacques de Fouchier, and he took the occasion to paint a glowing picture of the group's fortune at the end of a year that has seen a return to normal in the banking world after the scares and alarms of 1974.

M. de Fouchier said that at group level profits would be well up on the Frs.310m. (£35m.) reported last year, of which Frs.241m. was attributable to the Cie Financiere. The increase in net earnings per share would be slightly amplified by the absorption of the two smaller holding and trading companies, Cofimer and Cagepar, during the year.

The bulk of the improvement however would derive from the three major banking offshoots of the Paribas group, the Banque de Paris et des Pays Bas, Cie Bancaire, and Credit du Nord. Their profits had contributed 42 per cent. of net earnings in 1974 and this share would be higher in 1975, M. de Fouchier underlined.

Portfolio revenues also should grow. OPFI-Paribas, which handles the group's foreign interests has already reported a 21 per cent. rise in profits for the year to last September 30, while at parent company level, the drop in income resulting from the lower Banque de Paris dividend for 1974 should be at least made up by dividend revenues from other holding company subsidiaries.

The President also pointed out the major international developments affecting the group this year. The most striking has been the establishment of Societe Arabe Internationale de Banque and the birth of the first merchant bank in Egypt, following the merger of Paribas' existing network with other Arab interests.

In Brazil Paribas has launched Brasilpar, designed to channel new funds from both French and Saudi Arabian sources into Brazilian ventures. In Japan the group has finally received permission to open a subsidiary, which will start business next spring.

Meanwhile Cie Bancaire, the banking subsidiary of Cie's Financiere specialising in hire purchase and personal loans today announced details of the Frs.400m. loan it plans to float on the domestic capital market next week. The offering will run for 12 years and carry a coupon of 10.8 per cent., giving a yield to maturity of 10.84 per cent.

## Petrofina French bid

PARIS, Dec. 11.

THE BELGIAN company, Petrofina is offering Frs.80 per unit for shares of the French paint concern Ripolin-Georget-Freitag, the Stockbrokers Association said.

Petrofina will only buy the shares if a minimum of 183,000 is tendered during the offer which closes on January 12, the association said.

Ripolin-Georget-Freitag (RGF) is capitalised at Frs.18.28m. divided into 365,708 shares of Frs.50 nominal value.

Trading in RGF shares was suspended here at Frs.64 a unit on November 17, after bourse rumours of a financial operation.

RGF has already announced for 1975 first nine-month net turnover of Frs.194m. against Frs.200m. in the same 1974 period and a net first half profit of Frs.0.39m. (Frs. 0.85m.).

Informed sources said after the RGF suspension French authorities exterted pressure on CDF Chimie, a member of the State-owned Charbonnages de France mining group, to take control of RGF and so keep it in French hands.

RGF's main shareholders are Groupe Lefranc Fournier (14.6 per cent.), Selectionnes (PPS) investment group (16.9 per cent.). Other shareholders include the Freitag group (6.8 per cent.) and the Geurget group (2.1 per cent.).

Reuter

## Citroen sees rapid upturn

BY RUPERT CORNWELL — PARIS, Dec. 11.

THE FRENCH car group Citroen, shortly to merge formally with its erstwhile rival Peugeot, is confident that its fortunes will show a substantial improvement this year, including a noticeable reduction in the massive losses which forced it into Peugeot's arms exactly one year ago.

In remarks to the Business Daily Les Echos, later confirmed by the company, the new Citroen Managing Director M. Georges Taylor emphasised that recovery after the Fr 1bn. loss of 1974 would be considerably more rapid than anticipated.

So bleak, indeed, had Citroen's financial prospects appeared that it was not expected to be in the black until around 1980—a delay which played a big part in the well-publicised second thoughts which Peugot entertained at one stage over the desirability of the take-over.

Now, however, it is understood that the 1975 deficit might be no more than Fr.400m. on a turnover up from 30 or 35 per cent. The gains reflect not only the frequent price rises pushed through over the last 15 months by all French car makers, but the shift in sales towards higher performance and quality models on which margins are bigger and where, with the CX range, Citroen is particularly well placed.

All this, as company official pointed out to-day, is not to say that the group's troubles have disappeared as quickly as they blew up. However M. Taylor, according to Les Echos, stated that there was now "no problem" over Peugoet taking majority equity control from the present owners, the tyre group Michelin, and that the deal would definitely go through in March 1976.

## Fiat engineers group examines Innocenti

BY ANTHONY ROBINSON — ROME, Dec. 11.

A GROUP of Fiat engineers has just undertaken an exhaustive technical examination of the Leyland Innocenti plant in Milan while delicate negotiations are continuing over the financial terms of any eventual takeover. Fiat has made it clear that a decision to go ahead with a plan to produce light vans and other car derivatives will only be made if the company decides that this would be a profitable venture.

It has bluntly told Leyland that it is only prepared to pay an essentially nominal price for the plant and will in no way take over any responsibility for the former company's debts. On the other hand it would like to come to an agreement with Leyland under which Leyland Mini's would continue to be assembled at the plant during the two years necessary for conversion. This would guarantee employment at the plant although even here Fiat insists that its willingness to re-employ the Innocenti workers depends on their acceptance of a standard Fiat work contract. Fiat workers work both longer hours and receive lower overall salaries than Innocenti workers up to now. Indeed one of Innocenti's problems has been precisely the relatively low productivity and high cost stemming from its special labour contract.

## NK delays response to Ahlen bid

By William Dullforce — STOCKHOLM, Dec. 11.

THE BOARD of Nordiska Kompaniet (NK) has postponed until December 19 its response to the takeover bid from the rival store chain Ahlen Och Holm following a threat by company employees to take every measure possible to block the merger. Last night, however, Ahlen Och Holm announced its offer of two new ordinary Ahlen shares or a nominal Kr.200 convertible bond with a 9 per cent. coupon for five NK ordinary shares.

Dealings in both companies' shares were resumed to-day on the Stockholm Stock Exchange after a two days' lapse. Ahlen shares advanced from Kr.71 to Kr.90 while NK eased slightly from Kr.37 to Kr.36.

The Ahlen offer values the NK equity at about Kr.145m. (£16.2m.). It depends on acceptance by shareholders of at least 90 per cent. of the NK shares by February 28. Ahlen is offering one A share of nominal Kr.50, with one vote, and one B share of nominal Kr.50, with one tenth of a vote, for five NK shares. The bond issue is redeemable in varying slices from 1981 to 1985 and holders would have the right from March, 1977 to convert each bond into two ordinary Ahlen shares, one A and one B.

After the suspension of dealings on Tuesday the Ahlen Och Holm Board, announcing its results for the year 1974-75, proposed a bonus issue of one-for-five and a Kr.1 rise in dividend to Kr.6 per share, equivalent to 10 per cent. after the bonus issue. It reported a Kr.1.6m. increase in earnings before tax to Kr.36m. (£4m.) after a 15.4 per cent. rise in sales to Kr.3.4bn. (£380m.).

NK, whose flagship is the prestigious NK store in the heart of Stockholm, showed a loss of some Kr.30m. on a turnover of Kr.3.3bn. (£367m.) for 1974-75. The takeover would produce a chain with total sales approaching Kr.7bn. (£780m.), third only to the two co-operative chains, ICA and KF.

Yesterday, however, representatives of the 12,500 NK employees appealed by telegram and letter to the NK Board, Cabinet Ministers and trade union leaders to stop the takeover. A spokesman claimed that up to 5,000 employees were in danger of losing their jobs if the takeover went through.

## Buehrmann sales and profits slip

By Michael Van Os — AMSTERDAM, Dec. 11.

BUEHRMANN-TETTERODE, the Dutch company involved in the paper and packaging business, said that net profits had amounted to Fls.20.7m. in the first three quarters of this year, against Fls.21.2m. in the same period last year. Sales, excluding value-added tax, had amounted to Fls.754.9m. (Fls.802.1m.).

The company added in a short financial statement to-day that it was maintaining its earlier forecast that the net profit for the whole of the year would "remain somewhat behind" the previous year's profit. Buehrmann-Tetterode said that the results in the final quarter of 1974 had been strongly influenced by the then very favourable economic circumstances for the industry, so that the usual decline of activity in the holiday period had been almost fully compensated. This year the situation is very different.

The company said that taking into account the expansion of the placed share capital—now Fls.72.8m. compared with Fls.65.7m. at the end of September, 1974—the profit per share amounted to Fls.5.67 (Fls.6.43). The cash flow per share had risen to Fls.11.24 (Fls.12) in the nine-month period.

Last year Buermann-Tetterode's sales, excluding value-added tax, amounted to Fls.1.18bn., while the net profit was Fls.33.6m.

## Monsanto forecasts rise in fourth quarter earnings

ST. LOUIS, Dec. 11.

MONSANTO Company's fourth quarter earnings will climb to between $1.67 and $1.87 a share from $1.29 a share the year before, said John W. Hanley, chairman and president. He estimated that sales will rise to about $920m. from $789.8m.

Contributing to the profit improvement, he explained, will be "a significant turnaround" in the textile operations which will be profitable this quarter compared with an operating loss of $17.6m. in the comparable 1974 period.

In addition, this year for the first time Monsanto is shipping herbicides in the fourth quarter and this is expected to increase per share earnings by about 25 cents. Mr. Hanley also pointed out: "Plastics are showing an improvement over a year ago. Beginning in October of last year, plastics fell completely out of bed."

For the year net income will decrease to between $8.10 and $8.30 a share from last year's record $9.25 a share, he said, while sales should total about $3.6bn. versus last year's record $3.5bn.

Turning to the overall economic outlook for 1976, Mr. Hanley said: "barring any economic disaster, we are basing our plans on a real growth in U.S. gross national product of between 6 per cent. and 7 per cent. with inflation at about 6 per cent. and unemployment 8 per cent.

"European economies will lag the economic recovery here and we don't expect to see a turnaround in that important area before mid-year," he said. "West Germany continues to do a little better than other European countries and France is showing some improvement." However, he indicated the outlook next year in the United Kingdom is grim. Thus Mr. Hanley concluded: "Assuming continued strength in the U.S. economy, and a mid-year turnaround in most European economies, 1976 should be another strong year for Monsanto."

AP-DJ.

## Gulf sees 1975 decline

PITTSBURGH, Dec. 11.

GULF OIL Corporation expects 1975 earnings to be well below 1974, and it does not see a substantial increase in profits over the next two years, Mr. Fred Deering, Vice President-Finance, told security analysts.

Mr. Deering said that one of the primary items affecting earnings over the next few years will be the high level of spending on capital equipment and exploration programmes.

He said that over the next five years such spending will be in the $2bn. a year range.

In 1974 Gulf reported earnings of $1.065bn. or $5.47 a share on revenues of $18.2bn.

The oil company in the first nine months of 1975 earned $530m. or $2.72 a share compared with a restated $880m. or $4.53 a share. Revenues totalled $11.9bn. compared with $13.7bn.

Mr. Deering said that the drop in 1975 earnings was consistent with results of other major oil companies and that 1975 results for Gulf would still be the third highest earnings in its history.

He said that in 1976, Gulf planned a 50 per cent. increase in exploration and production expenditures in the U.S., assuming offshore lease sales by the U.S. next year.

He also said that spending for Gulf Canada will be far in excess of any period in its history.

Gulf Oil Corp. capital expenditures in 1975 are estimated at $1.7bn.

Reuter

## Toyo Kogyo management shifts

TOKYO, Dec. 11

TOYO KOGYO said it will shortly receive senior staff from Sumitomo Bank and C. Itoh to strengthen its top management and help improve sales of its rotary-engined Mazda car models.

Toyo Kogyo is linked to the Sumitomo group, and Sumitomo Bank is its main bank. Itoh is a major Japanese trading house which handles Mazda cars.

Sumitomo group executives were transferred to Toyo Kogyo last December when rising costs and falling sales of its relatively high fuel consumption cars were causing heavy operating losses. Those executives took up positions as directors. The company said to-day the new men will move in at vice-president and managing director level.

In its first-half ended April 30, the company reported losses totalling Y11.09bn. compared with a deficit of Y226m. in the preceding six months. After sales of real estate and other assets, the after-tax account closed in balance, compared with after tax profit of Y1.363bn. in the preceding six months.

The company said in June it believed the worst of its difficulties were over, and it hoped to avoid a loss for the second half to end-October, with sales picking up to around Y500bn. for the full year, compared with a combined total of Y518bn. in the two preceding six month terms.

The company, which has switched to full-year accounting from the previous six monthly system, said it expects to announce the full year results towards the end of December.

It said it is pinning future hopes on its improved rotary engine fitted to its 1976 models, which it says uses 40 per cent. less fuel than conventional rotary engines.

Reuter

## Occidental papers sought

BY DAVID BELL — WASHINGTON, Dec. 11.

THE U.S. Securities and Exchange Commission (SEC) said to-day that it is seeking documents from Occidental Petroleum to determine whether the company spent millions of dollars for illegal political contributions, bribes and kickbacks to foreign officials.

The motion, filed in Washington Federal District Court this afternoon, is also directed at Mr. Armand Hammer, the company's veteran chairman who, the SEC said, is believed to be the only person with full knowledge of Occidental's total operations.

The investigation is the latest in a series dealing with private foreign and domestic contributions or bribes paid by large U.S. companies. Other corporations named recently include Lockheed, Northrop Aircraft and Gulf Oil.

The SEC said the company has twice extended the date for compliance with the subpoena, which was first issued on October 10, but now says that it is willing to produce the documents after December 31. So far, the SEC added, Mr. Hammer has been unwilling to testify.

## PCL to be wound up

BY JAMES FORTH — SYDNEY, Dec. 11.

MOVES to resuscitate the struggling Patrick group received a setback to-day when it was announced that the investment banking arm, Patrick Corporation (PCL) would be wound up. This ended months of frantic negotiations to put together a scheme of arrangement involving a reconstruction of PCL. The drama started late in July when Patrick Partners, one of Australia's most widely known sharebroking firms and easily the largest broker during the mining boom of the early 1970s, closed its doors. The closure was caused because PCL was unable to repay a $A2.1m. loan to another member of the group, Patrick Intermarine Acceptance (PIAL) which in turn placed in jeopardy a loan by Patrick Partners of $A2.23m. to PIAL.

PCL and PIAL were put in provisional liquidation early in the piece, but the trustee for the partners in the broking firm, Mr. Jim Jamison, has been attempting to put together a scheme to enable the group to be reconstructed and pay out most of the firm's debts. Mr. Jamison has been working on a proposal for a group of Victorian doctors to pump in funds to a reconstructed PCL. If this worked, PCL might be able to repay its debt to PIAL and the creditors of the broking firm would then receive 100 cents in the dollar. Mr. Jamison admitted to a meeting of creditors of Patrick Partners this week that this figure has been revised down to 73 cents provided the reconstruction went ahead.

Liquidation of PCL and PIAL and bankruptcy for the sharebroker partners would mean a return of only about 21 cents in the dollar. Mr. Jamison had been working on a scheme involving a sharp write down of PCL's capital followed by an issue of PCL shares to acquire bill acceptance corporation (BAC) and an injection of funds from the doctors. BAC is owned 60 per cent. by PCL with financiers IAC and the commercial and general acceptance and life office MLC owning the remainder. However, PCL's 60 per cent. holding is also charged by mortgage to IAC, which meant the scheme was entirely dependent on IAC, MLC and CAGA agreeing to take shares in a reconstructed PCL for their BAC holdings.

The companies to-day revealed that they were not prepared to take this course and the reconstruction became impracticable. As a result, the Commercial Banking Company of Sydney, which had agreed to delay a petition to wind-up PCL, will now go ahead and seek liquidation of the company. The provisional liquidators have previously estimated a return for unsecured creditors of PCL of 15 cents to 31 cents in the dollar in a liquidation. The wind-up is expected to take at least two years, as all PCL assets are mortgaged and security is contested in some cases.

However, at a Press conference in Sydney to-day Mr. Jamison said that he still had two more possible schemes. One envisaged the 250 to 300 Victorian doctors injecting funds into PIAL, a money market company, to prevent its liquidation. If this failed the third scheme involved the partners in the broking firm paying back the $A600,000 owed to unsecured creditors over a five year period. Mr. Jamison said that he was not yet in a position to say much about the alternative schemes but they were "better than bankruptcy."

## Bache goes into Eurobonds

By Mary Campbell

BACHE AND CO., one of t U.S. investment banks, is to s up an international departme to participate in the int national bond market, as well the private placements a Eurocurrency loan syndicatio sectors. The department will headed up by Mr. Heinz Gur lach who has until recently be with Loeb Rhoades. There w be staff of about half a doz situated in New York, Lond and Frankfurt. The he quarters will be in New York.

Bache has hitherto had t operations in London, one handle the London end of t company's commodities busin and the other primarily c cerned with sales and purchas of U.S. stock by British insti tions. Its involvement in t international bond market t been relatively small.

* * *

Adela, the internationa owned bank which is design to foster private sector inve ment in Latin America, launched a $25m. floating r note issue on the Eurobond m ket. The seven year issue off a margin of 1½ per cent. ov inter bank rates, with a mi mum of 8 per cent. It is bei managed by a syndicate head by Baring Brothers.

## SP deal on N. Sea oil

By William Dullforce — STOCKHOLM, Dec. 11

SVENSKA PETROLEUM (SI the Swedish state-owned oil co pany, has reached prelimina agreement to take over half t Santa Fe International Corpo tion's 22.5 per cent. holding the Thistle Field in the Briti North Sea sector. Final agr ment, which depends on t approval of both the British a Swedish governments, expected to be signed ne month.

Industry minister Rune Joh sson gained British Governme approval for Swedish investme in the British sector during visit to London last month. calculates that it will need invest some Kr.500m. (£55m.) its share of the Thistle fie development and proposes raise the sum in state-guarante loans.

Mr. Sture Agvald, SI managing-director, said that t latest evaluation indicated th the field contained larger serves than the 400m. barre previously announced. He anti pated that SP would get abo 1m. tons of crude a year over ten-year period for refining Sweden. Swedish oil consumpti is about 30m. tons a year. will negotiate a processing agr ment with one of the four co panies, which include Shell, and Texaco, with refining ca city in Sweden.

## SKF agrees to acquire Eaton unit

Financial Times Reporter

EATON CORPORATION announced that agreement in p ciple has been reached with S Industries of Philadelphia SKF to acquire the assets business of the McQuay-No operation of Eaton, exclu Eaton's electric products sion.

Final agreement is subjec the approval of the Eaton SKF Boards and the sale is ject to the approval of Federal Trade Commission suant to consent order requi Eaton to divest most of the of McQuay-Norris.

Eaton acquired McQuay-N in 1969. McQuay-Norris at time had annual sales of $ in chassis and other autom parts for aftermarket as we original equipment applicat Involved in the proposed t action are five manufactu facilities, and two afterm. distribution centres as well branch warehouses in the and Canada.

## SELECTED EURODOLLAR BOND PRIC
### MID-DAY INDICATIONS

| | Bid | Offer |
|---|---|---|
| **STRAIGHTS** | | |
| Aquitaine 10pc 1985 | 101½ | 102½ |
| Ashland 8pc 1987 | 89½ | 90½ |
| Austraswiss 8pc 1987 | 89½ | 90½ |
| Borregaard 8½pc 1989 | 95 | 96 |
| Broken Hill 10pc 1990 | 101½ | 102½ |
| Carrier 8pc 1987 | 89 | 90 |
| Conoco 8pc 1980 | 96½ | 97½ |
| Consol. Foods 7½pc 1991 | 86½ | 87½ |
| Cutler Hammer 8pc 1987 | 91 | 92 |
| EIB 9½pc 1995 | 101 | 102 |
| ERAP 9½pc 1985 | 100 | 101 |
| Esso 8pc 1986 Nov. | 98 | 99 |
| General Cable 8½pc 1987 | 90½ | 91½ |
| General Motors 8½pc 1986 | 101½ | 102½ |
| Granges 9½pc 1985 | 98 | 99 |
| GTE 8½pc 1986 | 95½ | 96½ |
| New Zealand 9½pc 1982 | 101½ | 102½ |
| Pacific Light 8pc 1988 | 89½ | 90½ |
| Prov. of Quebec 7½pc '88 | 87½ | 88½ |
| Quebec Hydro 8½pc 1980 | 98 | 99 |
| Queensland 8½pc 1987 | 89 | 90 |
| Scanraft 6½pc 1985 | 97 | 98 |
| Shell 8pc 1986 | 96 | 97 |
| Stand. Oil (Ind.) 8½pc 1988 | 99 | 100 |
| Tenneco 7½pc 1987 | 86 | 87 |
| Transocean 8pc 1986 | 96 | 97 |
| Utah 8pc 1987 | 92 | 93 |
| Volvo 9½pc 1985 | 100 | 101 |
| **NOTES** | | |
| Air France 9½pc 1982 | 101 | 102 |
| Ardal 9½pc 1980 | 100½ | 101½ |
| Australia Ind. 10½pc 1981 | 103 | 104 |
| Barclays 9½pc 1982 | 99½ | 100½ |
| Cie Natl. Rhone 10pc 1982 | 102½ | 103½ |
| Du Pont 7½pc 1978 | 101½ | 102½ |
| Esso 7½pc 1978 | 100½ | 101½ |
| General Motors 8½pc 1976 | 100½ | 101½ |
| Montreal 9½pc 1981 | 100½ | 101½ |
| Nippon Steel 9½pc 1980 | 99 | 100 |
| Norway 9pc 1980 | 101½ | 102½ |
| Skandinaviska En. 10½pc ... | 104 | 105 |
| Source: White Weld Securities. | | |
| **CONVERTIBLES** | | |
| American Express 4½pc '87 | 83 | 85 |
| Ashland 5pc 1988 | 78 | 80 |
| Beatrice Foods 4½pc 1992 | 95 | 97 |
| Beatrice Foods 4½pc 1992 | 102 | 104 |
| Borden 5pc 1992 | 93 | 95 |
| Broadway Hale 4½pc 1987 | 78 | 80 |
| Canon Camera 7½pc 1989 | 96 | 99 |
| Carnation 4pc 1987 | 84 | 86 |
| Chevron 5pc 1988 | 93½ | 95½ |

| | Bid |
|---|---|
| Dart 4½pc 1987 | 83 |
| Eastman Kodak 4½pc 1988 | 116½ |
| Economic Labs. 4½pc 1987 | 75 |
| Eidai 7½pc 1990 | 69 |
| Fed. Dept. Stores 4½pc '85 | 126 |
| Firestone 5pc 1988 | 56 |
| Ford 6pc 1986 | 87 |
| Ford 5pc 1988 | 77 |
| General Electric 4½pc 1987 | 83½ |
| Gillette 4½pc 1987 | 77 |
| Gould 5pc 1987 | 86 |
| Gulf and Western 5pc 1988 | 85 |
| Harris 5pc 1992 | 71 |
| Honeywell 6pc 1986 | 77 |
| ITT 4½pc 1987 | 69 |
| Komatsu 7½pc 1990 | 102 |
| J. Ray McDermott 4½pc '87 | 113 |
| Mitsui 7½pc 1990 | 102 |
| J. P. Morgan 4½pc 1987 | 101 |
| Nabisco 5½pc 1988 | 93 |
| Owens Illinois 4½pc 1987 | 98 |
| J. C. Penney 4½pc 1987 | 76 |
| Pioneer 8½pc 1989 | 179 |
| Rank 4½pc 1993 | 42 |
| Revlon 4½pc 1987 | 108 |
| Sperry Rand 4½pc 1987 | 88 |
| Squibb 4½pc 1987 | 88 |
| Texaco 4½pc 1988 | 74½ |
| Toshiba 6½pc 1990 | 101 |
| Union Carbide 4½pc 1982 | 102 |
| Warner Lambert 4½pc 1987 | 94 |
| Warner Lambert 4½pc 1988 | 82 |
| Xerox 6pc 1988 | 71 |

Source: Kidder Peabody Secur

Support proposals are imminent for Lifeguard Assurance, the Lloyds broker-backed company which ceased new business last month. **Stewart Fleming** and **Eric Short** consider the implications in the light of the new Policyholders Protection Act.

# In for a pound

IT IS ironic that the affairs of Lifeguard Assurance—one of the first life assurance companies to face financial difficulties since the Policyholders Protection Act became law last month—should expose both some of the weaknesses of the Act and the problems of supporting a life assurance company outside the framework of the new legislation. The support proposals for Lifeguard are due to be announced within the next few days. They are likely to reveal a number of gaps in an Act designed to prevent policyholders suffering severe loss when an insurance company is in difficulties.

## Liabilities

It was announced at the beginning of November that Lifeguard had stopped taking new business: subsequently it emerged that the company, which has 120,000 policyholders and investments of some £36m., needed an injection of over £1m. to be certain of meeting its liabilities to the satisfaction of the Department of Trade.

Lifeguard's difficulties are the source of embarrassment to the Lloyds of London insurance community, with whose backing it was launched (and it received at least the tacit approval of Lloyds itself). Hence Lloyds brokers who are shareholders—they include well-known companies such as Bland Payne, Alexander Howden and Sedgwick Forbes—together with others in the Lloyds community, have been trying for the past month to work out detailed proposals for the injection of new capital.

One of the first actions of Lifeguard when it ceased writing new policies was to institute what a spokesman described as "draconian" cuts in the surrender values and paid-up policy values of about one fifth of its customers, mainly those holding non-profit whole-of-life assurances. As a result a customer with this type of policy, who may have paid several hundred pounds in premiums to Lifeguard, will get only £1 if he now asks to surrender his policy. Alternatively, if the policyholder wishes to stop paying new premiums but is prepared to leave in the money already invested with Lifeguard, his policy will still be valued at only £1.

It seems likely that these low surrender and paid-up policy values will be continued after the detailed support arrangements for the company have been announced. Inevitably this raises the question of whether the burdens of Lifeguard's financial difficulties are being fairly spread between different classes of policyholder, and also between the company's policyholders and its shareholders. The shareholders can scarcely escape some responsibility for the fact that Lifeguard over-extended itself by aggressive selling, especially since many of them, as major insurance brokers, have access to the sort of insurance expertise which should have enabled them to monitor closely their investment in Lifeguard.

The decision to cut surrender and paid-up policy values for about one-fifth of Lifeguard's customers was needed, in the case of surrender values, to prevent a run on the life fund which could have been catastrophic for the interests of other policyholders. The cut in paid-up policy values is more difficult to explain. The calculation of paid-up policy values is linked to surrender values, but the effect of the cut in paid-up values is to put pressure on Lifeguard's customers to continue paying premiums since the alternative is to see the value of their savings virtually erased. Undoubtedly, the more customers who carry on with their payments the less the strain on Lifeguard's resources and the smaller the amount of new capital required from shareholders. It must be said that policyholders who do wish to withdraw from these contractual obligations must expect to suffer some financial penalty, and the insurance company has the right to impose one. But should they, as it appears, be asked to bear virtually the whole of the burden falling on policy-holders?

## Obligations

There is another important aspect. A further effect of the decision to cut surrender values and the value of paid-up policies is that Lifeguard is able to continue to meet in full its contractual obligations on other policies, which include annuities and, in particular, guaranteed income bonds (of which there are some £9m. worth).

What is unusual about the Lifeguard situation is that in certain other cases where a life assurance company has run into difficulties—the Jessel Securities company London Indemnity and General Insurance, for example—it was recognised that the guaranteed surrender values (particularly on income bonds) were too generous and ought to be most severely cut in the interests of other policyholders.

An influential factor in the Lifeguard management's decision to take an opposite view is the fact that the guaranteed values cannot be changed without going into liquidation, for this would be to breach the terms of its contracts.

It is reasonable to ask, therefore, whether it might not be better for Lifeguard to go into liquidation and apply to the new Policyholders Protection Board for support in order to get the benefits of the increased flexibility this would offer. This has been considered but rejected, for the moment at least. Some of those involved in the support discussions point out that, overall, they hope to provide a better level of benefit for the bulk of Lifeguard's policyholders than the 90 per cent. offered by the Protection Board.

They add that the Protection Board is new and, therefore, uncertain in its operations (which would probably be time-consuming too). Finally, it is said, the support proposals now coming to fruition do not rule out a future application to the Board if necessary.

Two other factors must also be influencing the decision not to apply to the Board. First, the sheer embarrassment of a Lloyds-backed company's going into liquidation is clearly something shareholders and the Lloyds community wish to avoid. Second, Lloyds and Lloyds brokers in general are not required to contribute to the main levy on the insurance industry which, under the Policyholders Protection Act, can be ordered for the support of a company that has applied to the Protection Board. Hence, those outside Lloyds who do have to contribute would clearly be unhappy about having to support a Lloyds-backed company. They have already supported Investment Annuity Life, which was taken over by Lifeguard.

## Deferred

There is a further complicating factor: the group organising the support may not have to pay the full £1.25m. or so of new capital for Lifeguard in cash but could enter into a deferred commitment to produce the whole sum if necessary. There are, indeed, hopes that the whole sum may not be needed.

In view of these uncertainties, it is important that, when the support proposals are published, clear details of their implications for the various classes of policyholder and shareholders should be available. Any policyholders who feel the proposals treat them unfairly may also believe that they should be given some opportunity to seek redress, since they have not had any say in their drafting.

**OBITUARY**

# Mr. Michael Marriott, SE chairman

MR. MICHAEL MARRIOTT, Chairman of the Council of The Stock Exchange, died in his sleep early yesterday morning after a second heart attack.

Mr. Marriott, aged 49, was one of the Stock Exchange's youngest chairmen, a position which he took up in June 1975.

He was educated at Tonbridge School and served in the King's Royal Rifle Corps from 1945 to 1947. At the end of 1945 he was commissioned and spent part of his service in the Middle East.

Mr. Marriott joined stock brokers Argenti Christopherson and Co. as a clerk in 1947. In 1949 he became a member of the Stock Exchange.

He was recalled to the Army in 1950 for the Korean emergency and served in Japan during 1950 and 1951. Until his death he was a captain in the Territorial Army.

In 1951 he returned to the Stock Exchange to become a partner in Argenti Christopherson and Co. He left this firm in 1957 to become a partner in Hill Chaplin and Co., a firm which merged in 1967 to become the present firm of Williams de Broë, Hill Chaplin and Co.

Yesterday Mr. Peter Pettman, a partner in the firm, said that Mr. Marriott was a very human and religious man. But above all, he said, Michael Marriott was a man of impeccable integrity.

Mr. Marriott took an intense interest in historical events and his other interests included cricket and vintage cars. He was a member of the MCC, vice-president of the Yellowhammer Club as well as being a member of the Band of Brothers and the Forty Club.

He was first elected to the Council of the Stock Exchange in June, 1971. Mr. Marriott was elected chairman of the Council in June, 1975, in the first formal ballot for that post. In the final ballot the vote lay between Mr. Marriott and Mr. Nicholas Goodison. The other contenders for the post were the two past—and present—deputy chairmen, Mr. David LeRoy Lewis and Mr. James Dundas Hamilton, both of whom Mr. Marriott asked to continue in office.

Mr. Michael Marriott

Prior to his election as chairman Mr. Marriott headed the Committee on Commissions and Dealings.

Speculation has already arisen as to his successor.

Mr. Michael Marriott was master of the Skinners' Company. He took a leading part in the workings of the International Federation of Stock Exchanges and the Committee of EEC Stock Exchanges.

He is survived by his wife, Unity, and his three sons, Charles, John and Timothy.

# Mr. Jack Frye

MR. JACK FRYE, a leading figure in the machine tool industry who was largely responsible for building up two major companies, died this week at the age of 61. He was chairman of B. Elliott and of Rotaflex, the lighting company.

Mr. Frye was described by colleagues as having the ability, through leadership and good humour, to inspire others to overcome problems. His enthusiasm was a major factor in the expansion of the companies he led.

He was born in 1914 and educated in Switzerland, at Baddington College, Leatherhead, and at what is now the Loughborough University of Technology. After some practical engineering experience he joined B. Elliott.

The company, founded in 1919, started manufacturing in 1938 and Mr. Frye became managing director in 1948 and chairman in 1955. As chairman he was the major architect of the group's growth from a small importing company to a leading engineering and machine tool group. He was also largely responsible for the expansion of the group's activities to Canada, South Africa and Australia.

In 1957 an interest in Rotaflex, the lighting company, was acquired and its major expansion into commercial lighting began two years later. Mr. Frye became chairman of Rotaflex in 1962 and the company went public two years later. He remained chairman of both companies until his death.

In 1967 Mr. Frye became chairman of the Steel Consumers Council in 1967 and when this was abolished in 1972, due to its contradiction of the Treaty of Rome and accession to the EEC, he was largely responsible for it being reconstituted as a private body, the British Iron and Steel Consumers Council.

BANK OF AMERICA
NATIONAL TRUST AND SAVINGS ASSOCIATION

# World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, December 10. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

SDR1=$US 1.17305

| Country | Currency | Value of DLR |
|---|---|---|
| Afars & Issas | Djibouti Franc | 168.51 |
| Afghanistan | Afghani (o) | 45.30 |
| Albania | Lek (m) | 4.9911 |
| Algeria | Dinar (a) | 3.9809 |
| Andorra | Fr. Franc | 4.4558 |
| | Sp Peseta | 59.64 |
| Angola | Ang. Escudo | 27.08 |
| Antigua | E. Caribbean $ | 2.5720 |
| Argentina | Ar. Peso (m)(†) | 55.435 |
| Australia | Australian $ | 0.7966 |
| Austria | Schilling | 18.30 |
| Azores | Port. Escudo | 27.08 |
| Bahamas | Ba. $ | 1.00 |
| Bangladesh | Taka | 14.7621 |
| Bahrain | Dinar | 0.3958 |
| Balearic Is. | Sp. Peseta | 59.64 |
| Barbados | Barbados $ | 2.0025 |
| Belgium | B. Franc (m) | 38.37 |
| Belize | B $ | 1.9767 |
| Bermuda | Bda. $ | 1.00 |
| Bhutan | Indian Rupee | 8.9445 |
| Bolivia | Bolivian Peso | 20.20 |
| Botswana | S.A. Rand | 0.8581 |
| Brazil | Cruzeiro | 9.8750 |
| Br. Solmn. Is. | Australian $ | 0.7966 |
| Br. Virgin Is. | U.S. $ | 1.00 |
| Brunei | Brunei $ | 2.5049 |
| Bulgaria | Lev | 0.97 |
| Burma | Kyat | 6.5477 |
| Burundi | Burundi Franc | 78.30 |
| Cambodia | Riel (a) | 10,000.0 |
| Cameroon Rp | C.F.A. Franc | 222.79 |
| Canada | Canadian $ | 1.0120 |
| Canary Is. | Sp. Peseta | 59.64 |
| Cape Verde Is | Cape V. Escudo | 27.08 |
| Cayman Is. | Cay I. $ | 0.8350 |
| Cen. Af. Rp. | C.F.A. Franc | 222.79 |
| Chad | C.F.A. Franc | 222.79 |
| Chile | Ch. Peso (m) | 8.10 |
| China | Renminbi Yuan | 1.9663 |
| Colombia | Col. Peso (m) | 32.8350 |
| Comoros I'ds | C.F.A. Franc | 222.79 |
| Congo (B'ille) | C.F.A. Franc | 222.79 |
| Costa Rica | Colon | 8.57 |
| Cuba | Cuban Peso (o) | 0.91 |
| Cyprus | Cyprus £ | 0.7930 |
| Czechoslovakia | Koruna (m) | 11.70 |
| Dahomey | C.F.A. Franc | 222.79 |
| Denmark | Danish Krone | 6.1345 |
| Dominica | E. Caribbean $ | 2.5720 |
| Domin. Rep. | Domin'cn Peso | 1.00 |
| Ecuador | Sucre (o) | 24.825 |
| Egypt | Egypt. £ (o) | 0.3904 |
| Ethiopia | Ethiopian $ | 2.0722 |
| Eq'tl Guinea | Peseta | 59.64 |
| Falkland Is. | Falkland Is. £* | 2.0256 |
| Faroe Is. | Danish Krone | 6.1345 |
| Fiji Is. | Fiji $ | 0.8639 |
| Finland | Markka | 3.8770 |
| France | French Franc | 4.4558 |
| Fr. C'Tyin Af. | C.F.A. Franc | 222.79 |
| Fr. Guiana | Local Franc | 4.4558 |
| Fr. Pac. Is. | C.F.P. Franc | n.a. |
| Gabon | C.F.A. Franc | 222.79 |
| Gambia | Dalasi | 1.9767 |
| Germany (E) | Ostmark (m) | 2.6235 |
| Germany (W) | Deutschemark | 2.6253 |
| Ghana | Cedi | 1.1514 |
| Gibraltar | Gibraltar £* | 2.0256 |
| Gilbert & Ellice Is | Aust. $ | 0.7966 |
| Greece | Drachma | 33.622 |
| Greenland | Danish Kroner | 6.1345 |
| Grenada | E. Caribbean $ | 2.5720 |

| Country | Currency | Value of DLR |
|---|---|---|
| Guadaloupe | Local Franc | 4.4558 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal | 1.00 |
| Guinea Rep. | Syli | n.a. |
| Guinea Bissau | Port. Escudo | 27.08 |
| Guayana | Guyanese $ | 2.5790 |
| Haiti | Gourde | 5.00 |
| Honduras Rep | Lempira | 2.00 |
| Hong Kong | H.K. $ | 5.0385 |
| Hungary | Forint (m) | 23.73 |
| Iceland | I. Krona | 167.19 |
| India | Ind. Rupee | 8.9445 |
| Indonesia | Rupiah | 415.00 |
| Iran | Rial | 69.425 |
| Iraq | Iraq Dinar | 0.2961 |
| Irish Rep. | Irish £* | 2.0238 |
| Israel | Israeli £ | 7.10 |
| Italy | Lira | 683.50 |
| Ivory Coast | C.F.A. Franc | 222.79 |
| Jamaica | Jamaican $ | 0.9081 |
| Japan | Yen | 306.17 |
| Jordan | Jdn. Dinar | 0.3212 |
| Kenya | Ken. Shilling | 8.2834 |
| Korea (Nth.) | Won (a) | 0.94 |
| Korea (Sth.) | Won | 484.00 |
| Kuwait | Kuwait Dinar | 0.2940 |
| Laos | Kip (a) | 5,000.0 |
| Lebanon | Lebanese £ | 2.4090 |
| Lesotho | S. African Rand | 0.8581 |
| Liberia | Liberian $ | 1.00 |
| Libya | Libyan Dinar | 0.2961 |
| Liechtenst'n | Swiss Franc | 2.6310 |
| Luxembourg | Lux. Franc (m) | 39.37 |
| Macao | Pataca | 5.7750 |
| Madeira | Port. Escudo | 27.08 |
| Malagasy Rp. | MG Franc | 222.79 |
| Malawi | Kwacha | 0.8980 |
| Malaysia | Malaysian $ | 2.5893 |
| Maldive Is. | Mal. Rupee | n.a. |
| Mali Rp. | Mali Franc | 445.58 |
| Malta | Maltese £ | 0.4441 |
| Martinique | Local Franc | 4.4558 |
| Mauritania | Ouguiya | 44.336 |
| Mauritius | M. Rupee | 6.3673 |
| Mexico | Mexican Peso | 12.4966 |
| Miquelon | C.F.A. Franc | 222.79 |
| Monaco | French Franc | 4.4558 |
| Mongolia | Tugrik (m) | 3.3555 |
| Montserrat | E. Caribbean $ | 2.5720 |
| Morocco | Dirham | 4.1776 |
| Mozambique | Moz. Escudo | 27.08 |
| Nauru Is. | Aust. $ | 0.7966 |
| Nepal | Nepalese Rupee | 10.560 |
| Netherlands | Guilder | 2.6892 |
| Neth. Ant'les | Antillian Guild | 1.80 |
| New Hebrides | Aust. $ | 0.7966 |
| | Fr. Franc | 4.4558 |
| N. Zealand | NZ $ | 0.9596 |
| Nicaragua | Cordoba | 7.0262 |
| Niger Rp. | C.F.A. Franc | 222.79 |
| Nigeria | Naira | 0.6325 |
| Norway | Nrwg. Krone | 5.5650 |
| Oman Sultanate of | Rial Omani | 0.3455 |
| Pakistan | Pkst. Rupee | 9.8943 |
| Panama | Balboa | 1.00 |
| Panama Canal Zone | U.S. $ | 1.00 |
| Papua N.G. | Kina | 0.8045 |
| Paraguay | Guarani (m) | 142.50 |

| Country | Currency | Value of DLR |
|---|---|---|
| P'ple's D. Rp. of Yemen | S. Yemen Dinar | 0.3454 |
| Peru | Sol | 45.00 |
| Philippines | Ph. Peso | 7.55 |
| Pitcairn Is. | NZ $ | 0.9596 |
| Poland | Zloty (m) | 19.92 |
| Portugal | Port. Escudo | 27.08 |
| Port Timor | Timor Escudo | 27.08 |
| Principe Isle | Port. Escudo | 27.08 |
| Puerto Rico | U.S. $ | 1.00 |
| Qatar | Qatar Ryal | 3.9850 |
| Reunion Ile de la | French Franc | 4.4558 |
| Rhodesia | Rhd. £ | 0.625 |
| Romania | Leu (m) | 5.0287 |
| Rwanda | Rwanda Franc | 92.34 |
| St. Christopher | E. Caribbean $ | 2.5720 |
| St. Helena | £ Sterling* | 2.0256 |
| St. Lucia | E. Caribbean $ | 2.5720 |
| St. Pierre | C F A Franc | 222.79 |
| St. Vincent | E. Caribbean $ | 2.5720 |
| Salvador El | Colon | 2.50 |
| Samoa (Am.) | U.S. $ | 1.00 |
| San Marino | Italian Lira | 683.50 |
| Sao Tome | Port. Escudo | 27.08 |
| Saudi Arabia | Ryal | 3.5750 |
| Senegal | C F A Franc | 222.79 |
| Seychelles | S. Rupee | 6.8972 |
| Sierra Leone | Leone | 0.9859 |
| Singapore | Singapore $ | 2.4897 |
| Somali Rep. | Som Shilling | 6.2950 |
| S. Africa (S) | Rand | 0.8581 |
| S.W. Africa Territories | S.A. Rand | 0.8581 |
| Spain | Peseta | 59.64 |
| Span. Ports in N. Africa | Sp. Peseta | 59.64 |
| Sri Lanka | S.L. Rupee | 7.6774 |
| Sudan Rp. | Sudan £ | 0.3483 |
| Surinam | S. Guilder | 1.7900 |
| Swaziland | Emalangeni | 0.8581 |
| Sweden | S. Krona | 4.4124 |
| Switzerland | Swiss Franc | 2.6310 |
| Syria | Syria £ | 3.6750 |
| Taiwan | New Taiwan $ | 37.97 |
| Tanzania | Tan. Shilling | 8.2834 |
| Thailand | Baht | 20.40 |
| Togo Rp. | C F A Franc | 222.79 |
| Tonga Is. | Pa'anga | 0.7890 |
| Trinidad | Trin. & To'go $ | 2.3730 |
| Tunisia | Tunisian Dinar | 0.4233 |
| Turkey | Turkish Lira | 15.20 |
| Turks & C's | U.S. $ | 1.00 |
| Uganda | Ug. Shilling | 8.2834 |
| Utd. Kingdm. | £ Sterling* | 2.0236 |
| Un'd A'b Emir | UAE Dirham | 3.9798 |
| USSR | Rouble | 0.77 |
| Upper Volta | C F A Franc | 222.79 |
| Uruguay | Urug. Peso (m) | 2.73 |
| Vatican | Italian Lira | 683.50 |
| Venezuela | Bolivar (m) | 4.2860 |
| Vietnam (N) | Dong (a) | 2.23 |
| Vietnam (S) | Piastre (a) | 2.20 |
| Virgin Is. US | U.S. $ | 1.00 |
| Western Samoa | Samoan Tala | 0.6088 |
| Yemen | Ryal | 4.5454 |
| Yugoslavia | New Y Dinar | 18.20 |
| Zaire Rp | Zaire | 0.5000 |
| Zambia | Kwacha | 0.6449 |

n.a. Not available. (m) Multiple exchange rate system, commercial rate used. (a) Approximate rate. (o) Official rate. * U.S. dollars per sterling unit. † Argentine peso: commercial rate for peso is no longer being quoted; above rate is same as official rate.

# FARMING AND RAW MATERIALS

## U.S. cotton crop fall forecast

WASHINGTON, Dec. 11

THE ESTIMATE of the U.S. Cotton crop for 1975-76 was lowered to 8,478,300 bales (480 lbs net weight) from the 9,034,300 bales forecast last month, the U.S. Department of Agriculture announced here to-day.

The projection, based on conditions as of December 1, is 6 per cent. below the month ago estimate and 35 per cent. down from the 11,540,100 bales produced in 1974-75.

The USDA estimated production of upland cotton this season at 8,419,000 bales against the 8,969,000 bales forecast last month and the 11,449,900 bales produced last year. Production of American-pima cotton was estimated at 57,300 bales, also down from the 65,300 bales forecast a month ago, and below the 90,200 bales produced last season.

Growers expect to harvest 9.3m. acres this year, 26 per cent. below last year's total, while average lint yield per harvested acre is forecast at 427 lbs, down 5 per cent. from 1974 and 29 lbs below the November 1 forecast.

## U.S. stocks of wheat increase

WASHINGTON, Dec. 11.

THE U.S. has a larger supply of wheat available this season than when large-scale Soviet buying in 1972 mopped up most of the huge surpluses which had prevailed throughout the 1960s, according to the latest U.S. agriculture department estimate of the domestic grain crop.

In its final assessment of the 1975 harvest—based on conditions on December 1—the Department placed U.S. wheat output at a record 2,134m. bushels, 19 per cent. above the previous high output harvested in 1974.

Together with an estimated 323m. bushels carried over from the 1974 crop, this year's output boosts total supplies available for the current marketing season—which runs through next June 30—to 2,457m. bushels—the largest total since the early 1960s.

Department analysts estimate that combined domestic and foreign demand for U.S. wheat this season will climb to a little over 2,000m. bushels from 1,722m. bushels last season, including the 165m. bushels already purchased by the USSR this season.

The total supply now indicated would be sufficient to meet all currently estimated demand and still allow for some further rebuilding of reserve stocks next summer to over 400m. bushels.

Reuter

## Cocoa values reach year's peak on London market

BY JOHN EDWARDS, COMMODITIES EDITOR

COCOA PRICES rose to the highest level for the year on the London terminal market yesterday. The March position closed £9.25 up at £695.5 a tonne, after trading at a high of £700 and a low of £684 earlier in the day. The December position traded as high as £739 at one stage before easing to £731.75 at the close. Yesterday's rise means that cocoa prices have risen by some £80 in the past three weeks.


Traders were somewhat at a loss to explain the strong advance in the market. But the basic feeling appears to be that the anticipated small surplus of cocoa supplies this season may well turn out to be a small deficit in view of the poorer prospects for crops in Ghana and the Ivory Coast.

Although there was believed to be some selling by producing countries yesterday at the higher price levels, there is some concern that the lower than expected purchase figures in Ghana and Ivory Coast may suggest that earlier predictions suggesting the drop will be early with little "tail" may have been over-optimistic.

At the same time, there are continuing problems with shipments of immediately available supplies arriving in time for tendering against December commitments. It is known that several ships with big quantities of cocoa are afloat from West Africa, but there is uncertainty about the dates of their arrival and how much has already been committed to buyers.

It is believed that some chocolate manufacturers have been forced into the market as a result of running down stocks to very low levels. But the main buying demand has undoubtedly come from speculators, notably chartists, "chasing" the market up.

Reports earlier in the week of Nigerian old crop cocoa deteriorating in store, firmly denied by the Nigerian Government, were followed by confirmation from the Nigerian Federal Ministry of Trade that it ordered the forfeiture and destruction of 25 tons of cocoa beans found to be unfit for export. The poor quality cocoa, delivered by a local agent in July, was burnt, the Lagos announcement added.

Meanwhile, there were reports from Venezuela that rains and floods had caused extensive damage to cocoa and other crops involving, it was estimated, some 3,000 tonnes of cocoa.

The easier tone at the end of the day strengthened suggestions that profit-taking sales might bring a sharp reaction to the big rise in recent weeks, especially if arrivals help to ease the nearby shortage of supplies. Dealers pointed out that although it appeared crops would be lower than previous forecasts, the higher price levels could equally result in a downturn in consumption.

## Tin Council export plea to China

By Our Commodities Editor

A PLEA to China for co-operation over tin exports is to be made by the International Tin Council. This follows the further restrictions on exports by producer members of the International Tin Agreement for the first quarter of 1976 announced this week.

A communique issued at the end of the Council's four-day meeting in London yesterday noted that exports of tin by China—not a member of the Tin Agreement—were expected to exceed 15,000 tonnes this year. It was agreed to approach the Chinese Government "with a view to seeking co-operation in the disposal of tin at a time when the Council has export controls in force."

The Council also noted, with concern, a substantial increase in current exports of tin "apparently emanating" from Burma, another non-member of the Agreement.

It was agreed that an additional deputy buffer stock manager should be appointed.

Reuter reported from Washington, that U.S. imports of tin metal from China in the first 10 months of 1975 totalled just over 5,319 tonnes against 3,336 tonnes in the same period last year, according to U.S. Bureau of Mines figures.

## EEC's 7½% farm price rise plan

BY ROBIN REEVES

BRUSSELS, Dec. 11.

AN AVERAGE rise in Common Market farm prices of 7.5 per cent. — about 3 per cent. less than farmers' organisations have called for — was proposed by the EEC Commission here to-day.

As well as its proposal to end the U.K.'s special support for beef producers, the Commission's other key proposal was on dairy farmers' returns.

It proposes limiting the increase in the milk price to only 2 per cent. in March with a further 4.5 per cent. rise in September. There is no conditional link between the awarding of the second milk price rise and the level of surplus dairy stocks. But Mr. P. Lardinois, the EEC Commissioner, nevertheless insisted that the principle of joint responsibility of producers for part of the cost of surpluses, was embodied in the package.

The milk price rise was lower than average and also the farming industry would have to pay marginally more for compound feed as a result of the plans for disposing of the 1m.-tonnes skim milk powder mountain, he said.

The Commission is hoping to reduce these surplus stocks by 800,000 tonnes in two ways. First, by increasing the amount of skim milk going as food aid next year from 55,000 tonnes to 200,000 tonnes. Second, by the compulsory incorporation of 600,000 tonnes of skim milk in animal feed rations produced during summer 1976. The skim will be partially subsidised but not by so much as to be automatically competitive with alternative protein sources.

To try to prevent the further build-up of dairy surpluses the Commission is proposing to subsidise the production of whole milk powder, maintain "cheap" social butter, encourage school milk programmes, pay a premium to small farmers for the non-delivery of milk to dairies and also increase the general EEC consumer subsidy on butter.

As regards this last measure, however, the Commission has left open the size of the subsidy. The U.K. Government is bound to press hard for a large rise in order to offset the sharp rise in the butter intervention price next March arising from the British transition to the full EEC level by 1978. The fact that the rest of the Community also has a vested interest in maintaining U.K. butter consumption at a high level may help.

The price package also envisages changes in the cereals regime so as to prevent high-yielding non-bread wheat varieties from benefiting from the bread wheat guarantee.

Sugar producers stand to gain an 8 per cent. rise, but on condition production quotas, lifted during the recent shortage period, are reimposed. The Commission proposes building up a reserve sugar stock of 1¼m. tonnes.

## Slight fall in Indian tea production

By Our Own Correspondent

CALCUTTA, Dec. 11.

INDIAN TEA output to the end of October totalled 417.96m. kilos, compared with 418.74m. at the some date last year according to figures compiled by the Tea Board.

The figures show that an increase of nearly 5m. kilos in South Indian output has almost neutralised a North Indian shortfall of about 6m. kilos.

However, it is considered unlikely that the year's target of 496m. kilos will be reached especially as November and December mark the end of the season.

During 1974 the year's target of 478m. was exceeded by 12m. kilos. It is thought likely, however, that the exchange earnings target of Rs.2,040m. for 1975/76 will be reached because of the higher prices being realised.

PRICE COMMISSION REPORT

## Pat on the back for poultry industry

BY PETER BULLEN

A POTTED HISTORY of the development of Britain's poultry industry published in the form of a report by the Price Commission was well received by the industry yesterday. This is not surprising, since the Commission said just the sort of thing that the industry itself has been stressing for many years past.

"Twenty years ago poultry was relatively expensive and meat was relatively cheap: the quantities of poultry consumed were small. To-day the position has been reversed: and the quantity of poultry consumed has increased more than tenfold," said the report.

"Poultry is now produced for the most part by a few large producers whose methods are more akin to manufacture than to farming. It is sold more through supermarkets and grocers than through butchers—the grocery outlets probably account for twice the volume of sales by butchers and for a much higher proportion of frozen poultry."

### Large concerns

"These differences are indeed largely associated with the development of frozen poultry. It is this which facilitates what is virtually factory production and supermarket distribution. This is also responsible for the enormous expansion in output and what by any standards are very modest prices," it added.

First reaction of Lord Edward Fitzroy, British Poultry Federation chairman, to the Commission's views on the industry was that it was very encouraging for those in poultry meat production to have "such a glowing tribute from an independent statutory body.

"Despite enormous difficulties of late the poultry meat industry has been playing a major part in feeding the nation at prices which in real terms are cheaper than those applying 20 years ago," he said. "We pledge ourselves as an industry to continue to supply this first class product to the nation and so to keep meat within the regular range of every household in the country."

Each year over 300m. chickens and 17m. turkeys are produced by the U.K. poultry industry. About 15 large producers dominate the industry with 11 companies accounting for nearly 75 per cent. of all supplies. In the case of frozen turkeys seven firms account for 85 per cent. of total output.

"Over the years the producers have developed a highly integrated structure, involving breeding stock, hatcheries, rearing, slaughtering and processing. There have been significant technical advances which have improved efficiency and reduced or restrained costs," said the report.

On pricing and profits it says that the system of applying a mark-up to buying prices by supermarkets and grocers has meant that distributors' gross profit margins on poultry have shown remarkable stability at about 18 per cent. compared with a typical grocery gross profit margin of about 20 per cent.

Although it was unable to isolate the net profit on poultry because it is just one of many items in a grocery inventory, the Commission added: "The size of the percentage gross profit margin suggests that net profits cannot be other than reasonable."

This system of pricing operated by distributors meant that by far the largest impact of fluctuations in the overall profitability of the trade fell upon the producer, who was largely dependent on the state of the market at the time of sale for the price he got. If demand increases, as it did in 1972 and 1973, the producer benefits. But if demand falls and prices stabilise or fall—as in 1974—it is the producer who has to adjust his selling price.

### Net profits

For the four years studied by the Price Commission, net profits of chicken producers rose from less than 0.5 per cent. in 1971 to 7 per cent. in 1973 falling back to a loss of 6 per cent. last year when falling demand coincided with a steep rise in costs.

This year the industry has cut back production bringing supply and demand more into balance and reducing by more than half the large stocks that were being carried. Demand and consumption also improved earlier this year and the downward trend in production is likely to be reversed during the coming months the Commission forecasts.

The cutback and consequent price increases have meant that producers have received better returns this year and although costs have risen last year's widespread losses are not expected to be repeated in 1975.

As a topical addition to the report the Commission said yesterday its December check on retail prices showed that fresh turkeys were averaging 50p a lb (compared with 43p for the past two years) and oven-ready birds at 40p to 42p a lb. Some stores have special promotions that can cut this average back by several pence a pound, however. Fresh chickens were averaging 34p a lb and frozen 29½p a lb.

*Prices and Margins in Poultry Distribution*, SO, 55p.

## UN buffer stock plan detailed

GENEVA, Dec. 11.

THE FIRST detailed outlines of a proposed $6,000m. fund for basic commodity reserve stockpiles, drawn up by General Gomani Corea, Secretary General of the UN Conference on Trade and Development, are being considered by the commodities committee of UNCTAD.

Gen. Corea proposes that contributions should cover one-third of the buffer stock funding, and loans the remainder.

He estimates $3,000m. will be needed in the near future to support depressed commodity prices, with a similar amount in reserve.

The proposals, published to-day, cover coffee, copper, rubber, tea, tin, sugar, cotton, cocoa, jute and manufactures and hard fibres like sisal.

In one of three options, Gen. Corea said oil producing States would cover 25 per cent. of the capital costs, and commodity importers and exporters the balance equally between them.

However, if oil producers did not contribute, importing and exporting countries could split the whole capital cost equally or arrange for exporters to pay 60 per cent., he proposed.

If contributions were allocated according to a State's market share in the 10 basic commodities, and the oil States contributed, the U.S. would be assessed as the largest contributor at $79m. But if the oil producers stayed out, the U.S. would contribute $105m. under the 50-50 basis, or $91m. under the 60-40 basis proposals respectively.

Reuter

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Turned upwards on the London Metal Exchange. ...

| | | | | |
|---|---|---|---|---|
| Cathodes | | | | |
| Cash | 550.5-1 | +5 | 550.5-1.5 | +4.25 |
| 3 months | 570.5-1 | +5 | 570.5-1.5 | +4.25 |
| Settlem't | 551 | +5 | — | |
| U.S. Smt. | — | | *63-63.7 | |

... Wirebars, cash, £563.5, early Dec., £465.5, mid-Dec., £165, three months, £586, 85, 85.5, 85, 84.5, 84, 83.5. Cathodes, cash and three months, untraded. Kerb: Wirebars, three months, £584, 83.5, 84. Cathodes, untraded.

TIN—Firmer again. The fresh rise in Penang overnight, where it was thought that some of the buying had been on behalf of the buffer stock manager and further consideration of the latest ITC moves on export restriction caused prices to continue in Wednesday's upward vein. Turnover 730 tonnes.

LEAD

ZINC

SILVER

GRAINS

MARK LANE

RUBBER

SUGAR

COCOA

COFFEE

WOOL FUTURES

FREIGHTS

MEAT/VEGETABLES

JUTE

## PRICE CHANGES

Prices per ton unless otherwise stated.

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

## U.S. Markets

### Cocoa and silver rise; sugar firm

NEW YORK, Dec. 11.



## LEGAL NOTICES

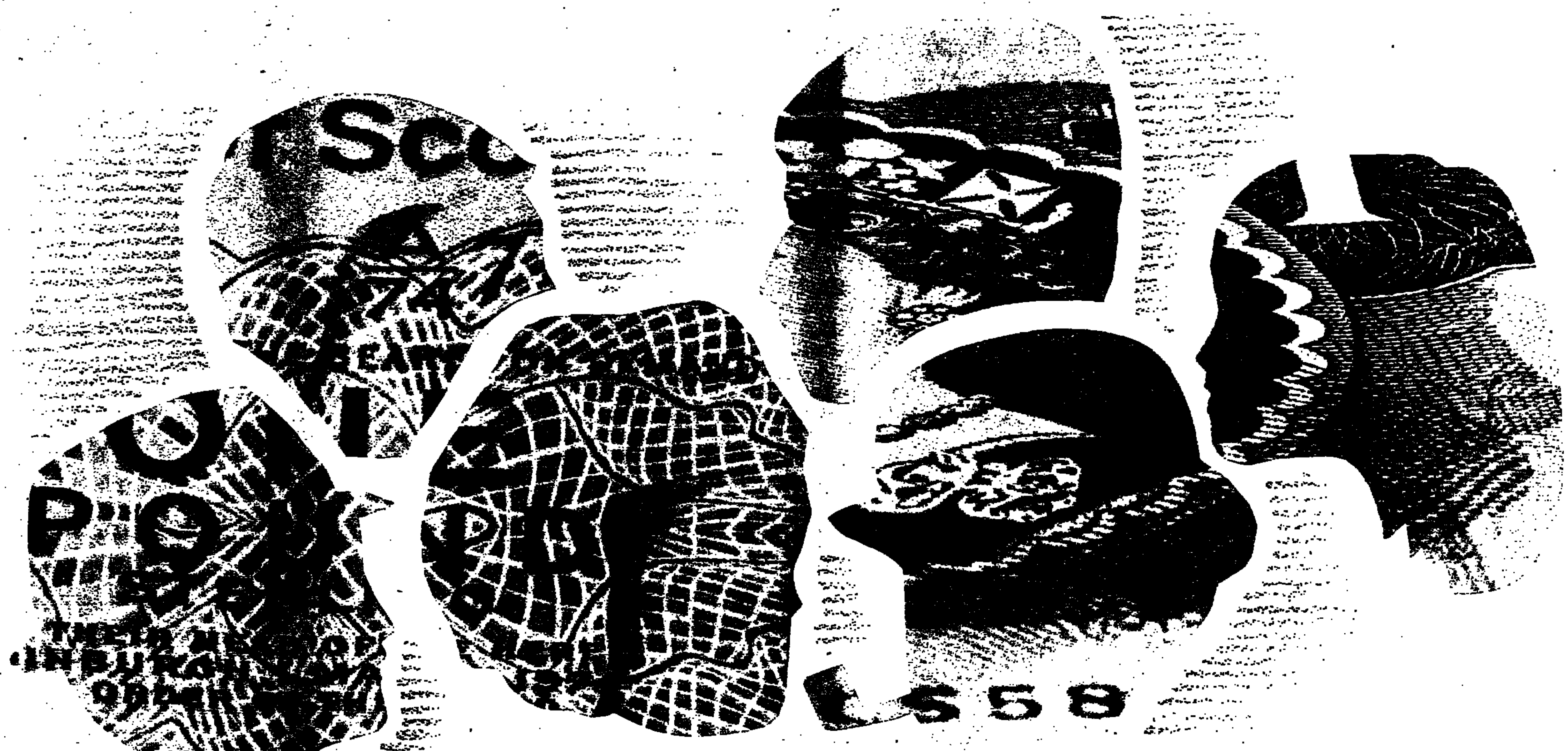
CREATIVE TRADING AGENCIES LIMITED

The Companies Act 1948

I MALCOLM J. COLEMAN, F.C.A. of Messrs. Jeffreys Henry Rudolf & Marks, Wilec House, 82-84 City Road, London EC1Y 2DA, give notice that I was appointed LIQUIDATOR in the above matter on 8th December 1975. All debts and claims should be sent to me at the above address.

M. J. COLEMAN,
Liquidator.

# Although money is our business – we never lose sight of people



## Customers, staff, shareholders – they're all important to us

**The Annual General Meeting of the Shareholders of National and Commercial Banking Group Limited will be held in the North British Hotel, Edinburgh, on Thursday, 8th January 1976, at 12 noon. The following is from the Statement by Mr. J. O. Blair-Cunynghame, OBE, LLD, DSc, Chairman of the Board.**

**RESULTS**

The Group profit before taxation, after charging additional provisions against advances and including the appropriate share of associated companies, amounted to £37,233,000 or 10 per cent. less than the previous year. A total of £10 million before taxation relief, comprising £3 million in the Royal Bank of Scotland and £7 million in Williams & Glyn's Bank, has been set aside as additional provisions against advances. The taxation charge for the year amounted to £19,710,000 leaving a profit after taxation but before extraordinary items of £17,523,000 or 12 per cent. less than last year. The maximum permitted final dividend is recommended.

There are four major features of the year's operations which were experienced by both banks. Three of these, namely steeply rising costs, lower base rates, but with widening margins towards the end of the year, and the necessity for additional provisions, were generally applicable to both banks but the fourth, in the shape of the recession and sluggishness in the growth of the money supply, had less impact upon the Royal Bank of Scotland than upon Williams & Glyn's Bank.

As direct evidence of the high rate of inflation, costs rose by about 40 per cent. and in the light of these very heavy increases it is hoped that the price control machinery will not prevent some rise in charges to customers for services provided. Secondly, while average base rate, on a daily basis, was 10.74 per cent. compared with 12.34 per cent. over the previous year, the margin between the rate for retail deposits and base rate was widened progressively during 1975 reflecting greater liquidity and an absence of pressure for borrowing from industry. Thirdly, the setting aside of £10 million between the two operating banks, as additional provisions against advances, is a decision taken in the light of experience during the year and of economic conditions likely to prevail for some time. Fourthly, total bank deposits, both sterling and currency, rose much more slowly in the twelve months from September 1974, though within the total the rate of growth of current account balances quickened. This reflected the stagnation in the economy. Despite this, however, the Royal Bank of Scotland experienced a greater rise in resources than last year, reflecting the relatively higher activity in Scotland.

**Royal Bank of Scotland Group:** The operating profit, before charging the additional provision against advances and excluding the share of associated companies, at £24,501,000 has increased by 8 per cent. from last year. The development of North Sea Oil operations has continued to provide possibilities for further expansion of business with companies working in new as well as traditional manufacturing and services activities.

**Williams & Glyn's Bank Group:** The operating profit, before charging the additional provision against advances and excluding the share of associated companies, shows a fall of £2,544,000 or 12 per cent., to a total of £18,087,000. The bank has again increased its market share of current account sterling balances compared with the other London Clearing Banks.

**THE FUTURE**

Against the background of the current economic difficulties in the United Kingdom and the changes to deep-seated attitudes which will be necessary to overcome them, as I have described in my full Statement, the way ahead is certainly hard and the prospects of real improvement are still some long way off. Progress will require from us in the banking industry level-headed caution coupled with clear thinking if we are to tackle these problems effectively.

From all the staff, whether at the branches in touch with the public or in administrative or technical posts in support and also at board level, the circumstances will continue to demand professional skill, experience, judgement and eternal vigilance if we are to ensure looking well after our customers and thus our shareholders, while also serving that wider public interest which is a special part of our responsibility. Under present and foreseeable conditions, often under criticism, the knowledge that change which will endure can come only slowly is not a burden but a challenge.

6th November 1975.

| SALIENT FIGURES | 1975 | 1974 |
|---|---|---|
| Group profit after charging additional provisions but before taxation and extraordinary items | **£37,233,000** | £41,336,000 |
| Profit after taxation but before extraordinary items | **£17,523,000** | £20,010,000 |
| Earnings per 25p ordinary share | **7.8p** | 8.9p |
| Dividend per 25p ordinary share | **2.143p** | 2.0082p |
| Deposits and customers' current accounts (including notes in circulation) | **£3,042,126,000** | £2,727,816,000 |
| Total assets | **£3,344,803,000** | £3,004,093,000 |

*Copies of the Directors' Report and Accounts containing the Chairman's full Statement may be obtained from The Secretary, National and Commercial Banking Group Limited, 36 St. Andrew Square, Edinburgh EH2 2YB*

**National and Commercial Banking Group LIMITED**

**The Royal Bank of Scotland Limited**

**WILLIAMS & GLYN'S BANK LIMITED**

# WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

# Narrowly mixed: awaiting tax cuts

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 11.

NARROWLY IRREGULAR movements were recorded on Wall Street to-day, when investors continued to await the outcome of a confrontation between President Ford and Congress over attaching a cut in spending to an extension of tax cuts into 1976.

The Dow Jones Industrial Average shed 1.26 to 832.73 and the NYSE All Common Index lost 11 cents to $46.29, while rises and falls were evenly matched at 667-to-669. Trading volume decreased 380,000 shares to 15.3m.

Analysts said carryover bargain hunting from yesterday's session, which had been brought on by the Stock Market's temporarily oversold condition, simply died out.

Investors continues to look for assurances that the economy will gain in 1976

Copperweld fell $3½ to $38—Imetal gained 67 per cent. control of Copperweld through an offer.

Avon Products slipped another $¾ to $34¼, following disclosure of plans for a diversification through a merger.

Monsanto gained $⅝ to $73¼—fourth quarter net wil "climb to between $1.67 and $1.87 a share" from $1.29 a year ago.

Flour gained another $¾ to $34¼ on its higher fourth quarter net.

Great Western United declined $1 to $28½ on its "substantial losses" from commodities futures trading in September and October.

Rosario Resources gave up $1½ to $24¾—new Honduras taxes on mining companies will reduce its 1976 earnings by about $1m.

Harris added $1½ at $30¾ on its prediction of second-quarter earnings of about $1 per share, up from 81 cents a year earlier.

Univar were lifted $2¾ to $30¼ on a three-for-one stock split and a raised quarterly dividend by 7 cents to 42 cents per share.

Digital Equipment lost $2¼ to $124. A. E. Staley $1¼ to $50½, Trans Union $1½ to $25¾ and Motorola $1½ to $39.

Citi gave up $1⅝ to $25¾, Chase Manhattan $1¼ to $23¾ and J. P. Morgan $1½ to $48¾.

The American SE Market Value Index was up 0.14 to 82.72 but declines edged advances by 284 to 280.

PARIS—Generally steady to slightly firmer.

Motors, Constructions, Financials, Oils and Stores were mixed, Foods, Metals, Chemicals Services and Transports were well maintained, while Electricals mostly rose.

Citroen rose Frs.1 to Frs.44.8—its financial recovery is "under way."

Foreign shares were generally mixed, with Americans rising but Coppers, Belgians and Germans dipped. Dutch, Golds and Oils were mixed.

BRUSSELS — Higher in moderately active trading.

*Steels rose, Electricals improved* and Chemicals were firm. Oils advanced modestly.

Among Internationals, General Motors rose Frs.30 to 2,295, and IBM Frs.50 to 9,070, but Union Carbide were off Frs.15 to 99.

South African Gold Mines were little changed, German and Dutch stocks steady, while French issues were firm.

GERMANY—Mixed to higher, following some professional and private buying.

Banks improved, as did Electricals. Chemicals were mixed. Motors were higher, Machine Makers advanced, while Steels and Metals were steady to firm.

Minings were narrowly mixed, Utilities gained a little ground, Stores were widely mixed, while *Breweries remained neglected.*

GHH put on Dm.6 to 200.5 on speculation it may take a stake in Kraft-werk Union. Its MAN unit, moved up Dm.5.5 to 181—it denied Wednesday it would take a KWU stake.

Deutsche Bank added Dm.2.40 at 333.9, despite sharply reduced profits.

Bonds were little changed in quiet dealing. Mark Foreign Loans were mixed.

AMSTERDAM — Mixed in moderate trading.

Shippings, Stores and Banks were irregular, Plantations steady to firm, while Insurances eased.

Shipping Union further declined Fls.1.80 to Fls.110.50 on its announcement about "meagre" *1975 results.*

State Loans firmed again on the new State Loan tender.

SWITZERLAND — Steady in slow trading.

Major Banks were slightly irregular, Financials fluctuated narrowly, small losses predominated in Insurances, while Industrials were little changed.

State Bonds were quietly steady.

In a fairly active Foreign sector, Dollar stocks were narrowly mixed, Dutch Internationals steady, while Germans generally fluctuated slightly.

MILAN—Generally firmer.
Bonds were quietly weaker.

OSLO—Generally quiet.

VIENNA—Steady to firm.

*COPENHAGEN—Mainly firmer* in fair trading.

TOKYO—Slightly higher after late profit-taking cutback on initial upswing. Volume 270m. (180m.) shares.

Electricals, Motors and "Big-Capital" issues led the early rise, but some Blue Chips eased later.

Sony lost Y20 to 2,450, but Matsushita Electric rose Y4 to 594.

Shares with good business prospects continued to advance, including Fujisawa Pharmaceutical, Toyo Can, Canon, Fujitsu, Sharp and Hitachi.

Textiles also rose reflecting a recovery of the domestic market.

Sugars were sold in view of sluggish domestic demand for refined sugar.

HONG KONG Market advanced strongly in the largest turnover in five months. Blue Chips gained most from the sustained buying support.

Hong Kong Bank rose 40 cents to $HK17.90, Jardine Matheson 30 cents to $HK22.20, Swire Pacific "A" 15 cents to $HK6.75 and Swire Industries "A" 50 cents to $HK15.30.

JOHANNESBURG—Gold shares were firmer on overseas interest, but the volume was small.

Financial Minings were little tested. Coppers were harder, with Messina up 5 cents at R3.25. Platinums were mixed.

Industrials were firm. Active trading in selected stocks.

AUSTRALIA—Most sections substantially higher on sustained buying, which intensified towards the close.

However, news of a 10 to 15 per cent. cut in Japanese imports of Australian coking coal, depressed the Coal sector. Coal and Allied dropped 32 cents to $A2.50.

Pancontinental were lifted 50 cents to $A8.70 and Queensland Mines jumped 20 cents to $A2.25.

Magellan were up 2 cents at 72 cents, after sinking to 65 cents.

Mercantile Mutual put on 5 cents to $A3.15—it rejected an offer from Australian Guarantee.

## OTHER MARKETS

### Canada also irregular

Cnadian Stock Markets also were irregular in light trading yesterday.

The Gold Share Index rose 3.17 to 242.29. Base Metals 0.05 to 71.53, Western Oils 1.28 to 197.76 and Papers 1.29 to 95.18. But Industrials lost 0.19 to 171.26, Utilities declined 2.10 to 122.35 and Banks eased 0.96 to 249.08. Moore moved up $1½ to $48. Bell Canada dropped $1¼ to $42⅞, but its principal subsidiary Northern Electric added $1 at $24½.

# Indices

## NEW YORK

### DOW JONES AVERAGES

| Close | Home Bonds | Transport | Indus.† | Util. | Trading volume 000's |
|---|---|---|---|---|---|
| Dec. 11 | 68.15 | 165.11 | 832.73 | 80.94 | 15,300 |
| 10 | 68.17 | 166.07 | 833.99 | 81.03 | 15,680 |
| 9 | 68.30 | 162.53 | 824.16 | 80.65 | 16,040 |
| 8 | 68.39 | 163.14 | 821.64 | 80.85 | 14,150 |
| 5 | 68.42 | 165.64 | 818.80 | 80.81 | 14,050 |
| 4 | 68.57 | 164.90 | 829.11 | 80.71 | 16,580 |
| 3 | 68.52 | 166.23 | 825.49 | 81.06 | 21,320 |
| 2 | 68.38 | 167.85 | 843.20 | 82.65 | 17,930 |
| 1 | 68.51 | 169.49 | 856.54 | 82.89 | 16,060 |
| Nov. 28 | 68.64 | 169.29 | 860.67 | 83.27 | 12,870 |
| 26 | 68.63 | 169.00 | 858.55 | 83.17 | 16,780 |
| 25 | 66.70 | 168.84 | 856.40 | 83.06 | 17,490 |
| 24 | 68.67 | 169.53 | 846.64 | 82.68 | 15,930 |
| 21 | 68.79 | 170.80 | 840.76 | 82.66 | 14,110 |
| 20 | 68.26 | 171.15 | 845.61 | 82.66 | 16,460 |
| 19 | 68.70 | 172.03 | 848.24 | 82.69 | 16,820 |
| 18 | 68.85 | 174.45 | 855.24 | 83.37 | 20,760 |
| 1975 High | 68.92 (4/4) | 174.45 (18/11) | 881.81 (15/7) | 87.07 (24/6) | — |
| Low | 66.16 (5/1) | 146.47 (2/1) | 632.04 (2/1) | 72.02 (2/1) | — |
| All-time High | — | 279.88 (7/2/69) | 1051.70 (11/1/73) | 165.32 (20/4/65) | — |
| Low | — | 13.23 (8/7/32) | 41.22 (2/7/32) | 10.58 (28/4/42) | — |

† Excluding bonds

### IND. DIVIDEND YIELD p.c.

| Dec. 5 | Nov. 21 | Nov. 29 1974 |
|---|---|---|
| 4.57 | 4.49 | 6.08 |

### N.Y. SE ALL COMMON INDEX

December 31, 1965=50.

| 1975 High | 1975 Low | Dec. 11 | Dec. 10 | Dec. 9 | Dec. 8 | Dec. 5 |
|---|---|---|---|---|---|---|
| 51.24 (15/7) | 37.06 (2/1) | 46.29 | 46.40 | 45.98 | 45.91 | 45.84 |

### RISES AND FALLS

| Issues traded | Up | Down | Unchanged |
|---|---|---|---|
| 1,843 | 667 | 669 | 507 |

| | Dec. 11 | Dec. 10 | Dec. 9 | Dec. 8 | Dec. 5 |
|---|---|---|---|---|---|
| New Highs | 10 | 6 | 5 | 7 | 5 |
| New Lows | 20 | 28 | 54 | 58 | 27 |

### AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

| 1975 High | 1975 Low | Dec. 11 | Dec. 10 | Dec. 9 | Dec. 8 | Dec. 5 |
|---|---|---|---|---|---|---|
| 86.80 (15/7) | 62.20 (2/1) | 81.72 | 81.58 | 81.19 | 81.79 | 82.40 |
| Volume (000's) | | 1,880 | 1,660 | 1,750 | 1,890 | 1,603 |

### STANDARD AND POORS U.S. STOCK INDICES

| | *Industrials | †Composite |
|---|---|---|
| Dec. 11 | 98.32 | 87.80 |
| 10 | 98.68 | 88.08 |
| 9 | 97.76 | 87.30 |
| 8 | 97.46 | 87.07 |
| 5 | 97.13 | 86.82 |
| 4 | 98.37 | 87.84 |
| 3 | 98.54 | 87.60 |
| 2 | 99.98 | 89.33 |
| 1 | 101.55 | 90.67 |
| Nov. 28 | 102.19 | 91.24 |
| 26 | 101.63 | 90.94 |
| 1975 High | 107.40 (13/7) | 96.91 (15/7) |
| 1975 Low | 77.71 (8/1) | 70.74 (3/1) |

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

### STOCK AND BOND YIELDS

| | Dec. 10 1975 | Dec. 3 1975 | Dec. 11 1974 |
|---|---|---|---|
| Ind. Ord. yield pc | 3.91 | 3.84 | 5.02 |
| Ind. Ord. p/e ratio | 12.16 | 12.09 | 7.45 |
| Long-term Govt. Bds. per cent. | 6.12 | 6.08 | 6.33 |

### THURSDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| CITI | 339,200 | 25¾ | −1⅝ |
| Texaco | 317,000 | 23 | −¼ |
| Anaconda | 196,500 | 16¼ | −¼ |
| Polaroid | 151,300 | 29¾ | −1½ |
| Avon Products | 189,400 | 34¼ | −¾ |
| General Motors | 129,600 | 53¼ | +⅛ |
| Searle G. D. | 108,200 | 14¾ | — |
| United Brands | 104,600 | 4⅞ | −⅛ |
| Dresser Ind. | 101,500 | 54¼ | −⅛ |
| Gulf Oil | 99,300 | 19¾ | — |

## TORONTO

### INDUSTRIAL INDEX

| Dec. 11 | Dec. 10 | 1975 High | 1975 Low |
|---|---|---|---|
| 171.26 | 171.45 | 196.50 (15/7) | 150.41 (2/1) |

## MONTREAL

### INDUSTRIAL INDEX

| Dec. 11 | Dec. 10 | 1975 High | 1975 Low |
|---|---|---|---|
| 176.63 | 175.27 | 205.61 (15/7) | 159.95 (2/1) |

### COMBINED INDEX

| Dec. 11 | Dec. 10 | 1975 High | 1975 Low |
|---|---|---|---|
| 173.23 | 172.89 | 198.00 (12/7) | 158.05 (2/1) |

## JOHANNESBURG

| | Dec. 11 | Dec. 10 | 1975 High | 1975 Low |
|---|---|---|---|---|
| Industrials | 203.2 | 202.7 | 238.9 (16/7) | 183.2 (23/1) |
| Gold | 202.7 | 200.7 | 379.1 (2/1) | 199.2 (9/12) |

(1958=100.) Source: Rand Daily Mail.

### MELBOURNE YIELDS

| Av'ge yield on 50 Leading Stocks | Dec. 11 | Dec. 4 | Nov. 27 |
|---|---|---|---|
| On Dividends | 6.04 | 5.92 | 6.34 |
| On Earnings | 9.99 | 9.48 | 10.54 |

### SYDNEY ALL ORD. INDEX

| Dec. 11 | Dec. 10 | High 1975 | Low 1975 |
|---|---|---|---|
| 435.78 | 432.30 | 440.78 (5/12) | 289.88 (9/1) |

### TOKYO NEW SE INDEX

Base=100 January 4, 1968.

| Dec. 11 | Dec. 10 | High 1975 | Low 1975 |
|---|---|---|---|
| 315.55 | 314.84 | 334.11 (2/7) | 268.24 (10/1) |

### HONG KONG INDEX ◆

| Dec. 11 | Dec. 10 | High 1975 | Low 1975 |
|---|---|---|---|
| 325.73 | 320.59 | 341.67 (9/6) | 160.48 (9/1) |

### SINGAPORE INDEX §

| Dec. 11 | Dec. 10 | High 1975 | Low 1975 |
|---|---|---|---|
| 227.69 | 227.69 | 268.69 (11/3) | 155.26 (6/1) |

## EUROPE

| | Dec. 11 | Previous | 1975 High | 1975 Low |
|---|---|---|---|---|
| Belg'm (a) | 105.11 | 104.06 | 111.81 (15/5) | 89.01 (2/1) |
| Denm'k (b) | 99.46 | 99.04 | 100.25 (2/12) | 75.0 (15/1) |
| France (d) | 69.3 | 65.9 | 72.6 (23/4) | 51.70 (2/1) |
| Germ'y (e) | 749.8 | 748.3 | 771.6 (1/12) | 575.2 (2/1) |
| Holland (f) | 95.1 | 95.3 | 107.6 (6/5) | 85.2 (2/10) |
| Italy (g) | 85.05 | 84.25 | 108.85 (21/2) | 75.41 (17/10) |
| Spain (h) | 104.23 | 103.78 | 110.96 (22/4) | 91.85 (19/9) |
| Sweden (k) | 387.85 | 384.16 | 409.81 (12/11) | 310.56 (9/1) |
| Switz'rl'd (m) | 271.9 | 271.8 | 295.1 (6/5) | 206.7 (2/1) |

Indices and base dates (all base values 100):— (a) Belgian S.E. 31/12/63. (b) Copenhagen S.E. 1/1/73. (d) Paris Bourse 1961. (e) Commerzbank December 1953. (f) Amsterdam Industrial 1970. (g) Milan 2/1/73. (h) Madrid S.E. 31/12/74. (k) Stockholm Industrial 1/1/58. (m) Swiss Bank Corp. 31/12/58. (n) Unavailable. ◆ Hang Seng Bank 31/7/64. § Straits Times 1966. (c) Closed. † Adjusted.

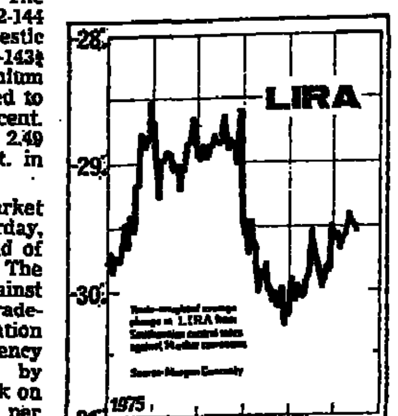
# Gold firmer

Gold remained fairly firm yesterday, closing at $139¾-140¾, an improvement of $¾, but turnover was only moderate. The krugerrand finished at $142-144 (£70¼-71¼) in the domestic market, compared with $141¾-143¾ (£70-71). The coin's premium over its gold content narrowed to 1.96 per cent. from 2.33 per cent. for domestic delivery and to 2.49 per cent. from 2.87 per cent. in international dealings.

The foreign exchange market remained very quiet yesterday, with business easing off ahead of the Christmas holiday. The dollar showed small gains against major currencies, and its trade-weighted average depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York on noon rates, narrowed to 1.78 per cent., from 1.82 per cent. previously.

The French franc weakened to Frs.4.4575 against the dollar, compared with Frs.4.4555 previously, while the Italian lira eased to L684, from L683.45.

Sterling remained firm against most major currencies. Its trade-weighted average depreciation since the Washington Agreement, as calculated by the Bank of England, was unchanged at 30 per cent., and remained at that level throughout. The pound opened at $2.0230-2.0240 and touched $2.0235-2.0245, but eased slightly to a low point of $2.0210-2.0220, before closing at $2.0215-2.0225, a fall of 15 points on the day.




### SPECIAL DRAWING RIGHT RATES

| One SDR is equal to | Dec. 11 | Dec. 10 |
|---|---|---|
| Sterling | 0.578837 | 0.578676 |
| U.S. dollar | 1.17093 | 1.17072 |
| Belgian franc | 46.3044 | 46.3517 |
| Deutsche mark | 3.07404 | 3.07513 |
| French franc | 5.21864 | 5.21731 |
| Italian lira | — | 800.129 |
| Japanese yen | 358.305 | 358.709 |
| Dutch guilder | 3.14980 | 3.15099 |
| Swedish krone | 5.16029 | 5.16463 |

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

## EXCHANGE CROSS-RATES

| Dec. 11 | Frankfurt | New York | Paris | Brussels | London | A'sterdam | Zurich |
|---|---|---|---|---|---|---|---|
| Frankf'rt | — | 2.626-627 | 58.56-96 | 6.63-64 | 5.307-317 | 97.53-63 | 99.71-81 |
| N.York | 38.06-07 | — | 22.42-44 | 2.525-530 | 2.0215-0220 | 37.16-18 | 37.93-95 |
| Paris | 169.625-.025 | 4.4617-4617 | — | 11.26¾-29¼ | 9.005-030 | 165.625-0¼ | 169.15-55 |
| Brussels | 15.06-09 | 39.55-58 | 8.87-89 | — | 79.97-80.10 | 14.69-73 | 15.02-05 |
| London | 5.30¾-31¾ | 2.0215-25 | 9.01-02 | 79.95-85.15 | — | 5.43¾-44¾ | 5.32¼-33¼ |
| Am'erdam | 102.435-485 | 2.6887-6912 | 60.36-41 | 6.7995-804 | 5.4395-444 | — | 102.175-225 |
| Zurich | 100.22-33 | 2.6332-42 | 59.08-13 | 6.656-6625 | 5.3265-90 | 97.85-93 | — |

U.S. $ in Montreal. U.S. $=101.56-58 Canadian cents.
Canadian $ in New York $C=98.54-56 U.S. cents. U.S. $ in Milan 683.20
Sterling in Milan 1383.20

## EURO-CURRENCY INTEREST RATES*

| Dec. 11 1975 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | W. German mark | Swiss franc |
|---|---|---|---|---|---|---|
| †Short term | 10½-11¼ | 5-5⅛ | 7¼-8¼ | 2½-2¾ | 3⅜-3¾ | ¾-1 |
| 7 days notice | 10½-11¼ | 5⅛-5⅝ | 8-9 | 2½-2¾ | 3⅜-3¾ | ¾-1⅛ |
| Month | 10⅞-11⅛ | 5⅞-6⅜ | 8½-9 | 5¼-5½ | 4-4¼ | 3⅞-4 |
| Three months | 11¼-11½ | 6⅝-6⅞ | 9⅛-9⅜ | 5¼-5½ | 4⅛-4¼ | 4-4¼ |
| Six months | 11⅝-11⅞ | 7⅛-7⅜ | 9½-9¾ | 5⅜-5⅝ | 4½-4⅝ | 4-4¼ |
| One year | 12-12⅜ | 7⅜-7⅞ | 9⅜-9⅝ | 6-6¼ | 5¼-5⅝ | 4⅛-4⅜ |

Euro-French deposit rate short-term 6½-6¾ per cent.; seven days' notice 6½-6¾ per cent.; one month 6½-6¾ per cent.; three months 7-7½ per cent.; six months 7½-8¼ per cent.; one year 8¼-8¾ per cent.

Longer-term Eurodollar deposit two years 8½-8¾ per cent.; three years 8¾-9¼ per cent.; four years 9¼-9½ per cent.; five years 9¼-9¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 5 15/16-6 1/16 per cent.; three months 6 5/16-6 7/16 per cent.; six months 7-7¼ per cent., one year 7½-7¾ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, and two days' notice for guilders and Swiss francs.

## GOLD MARKET

| | Dec. 11 1975 | Dec. 10 1975 |
|---|---|---|
| Gold Bullion (a fine ounce) | | |
| Close | $139¾-140¾ | $139-140 |
| Opening | $138¾-139¾ | $137¾-138¾ |
| Morning fix'g | $139.40 (£68.911) | $139.00 (£68.696) |
| Afternoon fix'g | $140.20 (£69.293) | $139.40 (£68.884) |
| Gold Coins domestically | | |
| Krugerrand | $142-144 (£70¼-71¼) | $141¾-143¾ (£70-71) |
| New Sov'r'gns | $44½-46½ (£22-23) | $44-46 (£21¾-22¾) |
| Old Sov'r'gns | $44½-46½ (£22-23) | $44-46 (£21¾-22¾) |
| Gold Coins Int'rn'nally | | |
| Krugerrand | $142¾-144¾ (£70½-71½) | $142½-144½ (£70½-71½) |
| New Sov'r'gns | $42½-43½ (£21-21½) | $42¼-43¼ (£20¾-21½) |
| Old Sov'r'gns | $42½-43½ (£21-21½) | $42¼-43¼ (£20¾-21½) |
| $20 Eagles | $218-221 | $217-220 |
| $10 Eagles | $112-115 | $111-114 |
| $5 Eagles | $73-76 | $72-75 |

## FOREIGN EXCHANGES

| Dec. 11 1975 | Bank Rates % | Day's Spread | Close |
|---|---|---|---|
| New York | 6 | 2.0210-2.0240 | 2.0215-2.0[illegible] |
| Montreal | 8¼ | 2.0470-2.0505 | 2.0490-2.0[illegible] |
| Amst'rdam | 4½ | 5.43¾-5.45¾ | 5.43¾-5.4[illegible] |
| Brussels | †6 | 79.85-80.20 | 79.95-80.1[illegible] |
| Copenh'gen | 7½ | 12.40-12.45 | 12.41½-12.[illegible] |
| Frankfurt | 3½ | 5.30-5.33 | 5.30¾-5.3[illegible] |
| Lisbon | 6½ | 54.60-54.90 | 54.65-54.8[illegible] |
| Madrid | †7 | 120.40-120.70 | 120.45-12[illegible] |
| Milan | 6 | 1,381-1,385 | 1,382-1,38[illegible] |
| Oslo | 5 | 11.24-11.27 | 11.25-11.[illegible] |
| Paris | 8 | 9.00-9.05 | 9.01-9.02 |
| Stockholm | 6 | 8.91½-8.94 | 8.92¾-8.9[illegible] |
| Tokyo | 6½ | 615-625 | 617½-619 |
| Vienna | 6 | 37.35-37.65 | 37.40-37.6[illegible] |
| Zurich | 3 | 5.32-5.34 | 5.32½-5.33 |

† Basic discount. ‡ Rates given are convertible franc; closing financial fr. 82.15-82.35.

### OTHER MARKETS

| | | ¶Notes Rates | |
|---|---|---|---|
| Argentina | ●111.84-112.04 | Argentina | 250-2[illegible] |
| Australia | 1.6062-1.6194 | Austria | 37-38 |
| Brazil | 17.84-18.04 | Belgium | 81-8[illegible] |
| Finland | 7.81-7.83 | Brazil | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] |

¶ Based on rates quoted by banks and dealers. Other rates may be quoted elsewhere. † Rate given is the financial rate. Special financial rate [illegible].

### FORWARD RATES

| | One month | Three months |
|---|---|---|
| New York | [illegible] | [illegible] |
| Montreal | [illegible] | [illegible] |
| Amst'dam | [illegible] | [illegible] |
| Brussels | [illegible] | [illegible] |
| Cop'nhg'n | [illegible] | [illegible] |
| Frankfurt | [illegible] | [illegible] |
| Lisbon | [illegible] | [illegible] |
| Milan | [illegible] | [illegible] |
| Oslo | [illegible] | [illegible] |
| Paris | [illegible] | [illegible] |
| Stockh'lm | [illegible] | [illegible] |
| Vienna | [illegible] | [illegible] |
| Zurich | [illegible] | [illegible] |

* Six-month forward U.S. dollar 4.23c pm and 12-month [illegible].

# OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—119½% (120¼%)

## NEW YORK

| Stock | Dec. 11 | Dec. 10 | Stock | Dec. 11 | Dec. 10 | Stock | Dec. 11 | Dec. 10 | Stock | Dec. 12 | Dec. 10 | Stock | Dec. 10 | Dec. 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Addressograph | 7⅝ | 7½ | Corning Glass | 42¼ | 43½ | Johns Manville | 21⅞ | 21⅝ | RCA | 18⅞ | 19 | Zenith Radio | 22⅞ | 23¼ |
| [illegible] | [illegible] | [illegible] | CPC Int'nation'l | 42 | 42⅛ | Johnson Johnson | 90¼ | 89½ | Reading | 1⅝ | 1½ | Chile 5% 1993 | †89 | †89 |
| [illegible] | [illegible] | [illegible] | Crane | 43¼ | 43⅝ | Johnson Control | 11⅝ | 11⅝ | Republic Steel | 26¼ | 26⅛ | Peru 5% 1993 | †95½ | †95½ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## CANADA

[illegible]

## GERMANY ◆

| Dec. 11 | Prices Dm. | + or − | Div. % | Yld. % |
|---|---|---|---|---|
| A.E.G. | 86.6 | +1.1 | — | — |
| Allianz Versich. | 464 | +1 | ‡17 | 1.8 |
| B.M.W. | 254 | +1.5 | 14 | 2.7 |
| BASF | 148.8 | −0.2 | 17 | — |
| Bayer | 125.8 | +0.7 | 17 | 6.3 |
| Bayer Hypo | 330 | +1 | 18 | 2.7 |
| Bayer Vereinsbk | 351 | +1 | 18 | 2.4 |
| Commerzbank | 212 | +1 | ‡18 | 4.2 |
| Contl. Gummi | 91.5 | +1.5 | — | — |
| Daimler | 346 | | 15 | 2.1 |
| Degussa | 244.5 | | 18 | 3.6 |
| Demag | 182 | +1.9 | — | — |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## MILAN

| Dec. 11 | Price Lire | + or − | Div. Lire | Yld. % |
|---|---|---|---|---|
| Alitalia Priv. | 760 | −26 | — | — |
| ANIC | 809 | +21 | 60 | 7.4 |
| Ausonia Ass. | 3,995 | +25 | 130 | 3.2 |
| Bastogi | 1,257 | −9 | 70 | 5.6 |
| Breda | 2,560 | +40 | 165 | 5.9 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## AUSTRALIA

| Dec. 11 | Aust. $ | + or − |
|---|---|---|
| Acrow Australia | †0.75 | ..... |
| Adelaide Brighton Cent 50c | ‡1.06 | ..... |
| Allied Mnfg. Trdg. Indus$1 | †1.88 | +0.03 |
| Ampol Exploration | †0.82 | +0.02 |
| Ampol Petroleum | †0.59 | ..... |
| [illegible] | [illegible] | [illegible] |

## JOHANNESBURG

MINES

| December 11 | Rand | + or − |
|---|---|---|
| Anglo American Corpn. | [illegible] | [illegible] |
| Charter Consolidated | [illegible] | [illegible] |
| East Driefontein | [illegible] | [illegible] |
| Elsburg | [illegible] | [illegible] |
| Harmony | [illegible] | [illegible] |
| Kinross | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] |

INDUSTRIALS

[illegible]

## PARIS

[illegible]

## BRUSSELS/LUXEMBOURG

[illegible]

## SWITZERLAND ◆

[illegible]

## AMSTERDAM

[illegible]

## TOKYO ‡

[illegible]

## STOCKHOLM

[illegible]

## COPENHAGEN

[illegible]

## VIENNA

[illegible]

## OSLO ◆

[illegible]

## SPAIN ◆

[illegible]

NOTES: Overseas prices [illegible]

‡ Tradedt. ● New stock.

FINANCIAL TIMES SURVEY

Friday December 12 1975

# KENYA

Kenya to-day celebrates twelve years of independence. In that time the country has scored some notable successes in developing its economy and national unity. But there are signs that this stability, much admired by the world, is coming under stress.

## Success loses its shine

**By Bridget Bloom**

*Africa Correspondent*

KENYANS OFTEN condemn outsiders for criticising them, pointing out that by comparison with many African States, Kenya has achieved a good deal of progress in an atmosphere of considerable freedom for the individual. This is true: Kenya has had a steadier and higher rate of growth for longer than most states of comparable economic resources, while time and again —the case of the British girls arrested for smuggling a few months ago is only one of the most recent—its courts are shown to be operating freely and fairly.

It is, however, precisely because Kenya has achieved so much more than most African States that those outsiders who genuinely wish the country well worry when those achievements seem at risk. Currently, the country is going through a bad patch. The economy, largely through no fault of Kenya's is in difficult straits, while in the last year, its hard won political stability has seemed in jeopardy. Kenya has had two searing political crises in its 12 years of independence, both provoked by political assassination. In 1969 it was Tom Mboya, probably Kenya's most brilliant Minister, who was gunned down in broad daylight in a busy Nairobi street. A young Kenyan was eventually tried and found guilty of the murder, although those behind him were never identified.

This year, in March, it was J. M. Kariuki, once the private secretary of President Kenyatta, a Mau Mau freedom fighter, a former junior Minister, and more latterly a champion of the cause of the poor. His body, riddled with bullets, was found on a lonely road outside the capital. A parliamentary enquiry was held into his death but there has been no trial and no proven culprit.

There are similarities beyond the fact of assassination, in the two cases. Both men were very prominent politicians, and both had wide popular support. Mboya was a trade unionist by origin and a Luo from the west of Kenya, and if he did not have the power base among his own people of the charismatic Luo leader Oginga Odinga he had the respect of modern Kenyans, no matter what tribe.

Kariuki (or "J.M." as his supporters still affectionately refer to him) was a member of Kenya's largest tribe, the Kikuyu. Certainly less of an intellectual than Mboya and probably a less straightforward politician (though widely accepted as a champion of the poor, he was an inveterate gambler, sharing his wealth but at the same time living lavishly) his appeal, too, went beyond his own tribe, with his trenchant criticisms of the establishment latterly winning him wide acclaim.

Mboya's death, which brought in its train ugly manifestations of Kikuyu nationalism, the detention without trial of several prominent Luo politicians and the introduction of a de facto one-party State, shook the image of political stability which Kenya had won in the outside world. Just as important, it at least temporarily undermined the confidence of many Kenyans in the ability of their Government and of its leader President Kenyatta, to govern in the interests of all, and not just a section of Kenya's peoples.

### Tarnished

Kenya's outside image never quite recovered after 1969, but it is more tarnished now, both as a result of the Kariuki affair, and also as a result of well-published allegations of corruption in high places. President Kenyatta's detention of two members of Parliament last October, together with evident Government attempts to clamp down on criticism of itself within and outside Parliament, have not helped the image. But it is undoubtedly the effects on Kenyans themselves of the Kariuki assassination which are the most serious. The crisis now facing Kenya is arguably much worse than that of 1969.

There are many reasons for this, but the principal one is that Kenya and Kenyans have changed in the past six years more quickly than the President himself, and the tactics which President Kenyatta used to cure the crisis in 1969—the strong arm, followed by statesmanlike and fatherly policies to unite the nation—are now less assured of success.

*President Jomo Kenyatta, with his wife Mama Ngina, arrives to celebrate Madaraka Day (commemorating self-government) last June.*

Any discussion of politics in Kenya must start with President Jomo Kenyatta, for he still towers above the country as he did when he led it to independence in the early 1960s. This newspaper has often paid tribute not only to the astute political leadership of *Mzee* Kenyatta, but also to the very real progress Kenya has made under him. This includes the peaceful and broadly successful resettlement of hundreds of thousands of Africans on formerly White-owned land; many agricultural and other economic successes: the maintenance—very rare in Africa—of broadly good race relations as well as—even rarer—a political system under which the individual has enjoyed real freedom. Unhappily, many of these achievements now seem threatened.

The most fundamental reason is that there is a deep and growing malaise in Kenya which the government is unable or unwilling to do enough about. The malaise is largely the result of social and economic inequalities which have become particularly acute—and much more remarked upon by Kenyans themselves—over the past two or three years. Some of them (there are "haves" and "have-nots" in most societies) either are not of the Government's making, or are the "natural" product of the essentially laissez-faire capitalist system which Kenya has adopted.

For example, policies to cure unemployment and to stem the flow of the rural poor to the bright lights (and the slums) of the cities—which is the most important long-term problem facing Kenya—might have had more success if the broad policy options had been different. But then growth and development might have suffered. Likewise, in the sense that there had not been enough money or land available in the past 12 years, no one could have expected Kenya to solve completely the problem of the landless, an economic but also highly emotive social and political issue.

Granted, however, that it has been faced with some almost insuperable difficulties, the Government has still failed in one crucial respect. Given that the fruits of independence are limited, the governing elite have (or are felt to have, which amounts to the same thing in political terms) taken far more than their fair share.

Last August's articles in the U.K. Sunday Times, which purported to show the vast wealth, in land and business interests, of President Kenyatta and his immediate family, have become a *cause célèbre* in Kenya. The articles were deeply resented by many of those closest to the President (partly, at least, because they failed to detail the wealth of certain of the elite outside the presidential family) although they were welcomed and praised, albeit privately, by the President's critics.

But while the articles continue to be the subject of hot debate, whether or not the allegations they contain are true is in an important sense irrelevant. The political reality is that many Kenyans believe them to be true. There is deepening resentment among ordinary Kenyans at the conspicuous wealth of so many of their leaders. Inevitably, when posed against the real poverty and inequalities which exist, the situation is potentially explosive.

This is one reason why this year's crisis is more serious than that of 1969, for then the malaise was little more than a glimmer on the horizon. The other main reason is the specific impact of Kariuki's death.

It was a large part of J. M. Kariuki's success that he was able to appreciate and to voice this growing dissatisfaction. Now that he is dead, however, two questions predominate. First, who killed him and why? Second, will anything be done to cure the ills he publicised?

### Report

The authors of Kariuki's death will probably never be known. The lengthy report of the Parliamentary Committee, published in May, raised more questions than it answered. In particular, by detailing the manner in which Kariuki left the Hilton Hotel just before his death, accompanied by a senior security official, and the way in which it apparently took the police and other authorities several days to identify the body in the Nairobi mortuary, the report threw doubts both on the role of the police and, more broadly, on the Government itself.

It is not clear whether the Government, or the police, intend to make further enquiries which might lead to a prosecution. But doubts inevitably remain in the minds of many Kenyans, and as with the case of the Sunday Times, so in the Kariuki affair, truth becomes to an extent politically irrelevant. The political reality is that many Kenyans are suspicious that the Government itself, or at least some of those closely associated with it, might have had a role in Kariuki's death.

To this extent, the main poli-

CONTINUED ON NEXT PAGE

**BASIC STATISTICS**

| | |
|---|---|
| Area (square miles) | 224,960 |
| Population | 12.9m. |
| GNP (1973) | £K789m. |
| Per Capita | £K61 |
| **Trade (1974)** | |
| Imports | £K366m. |
| Exports | £K215m. |
| Imports from U.K. | £78.7m. |
| Exports to U.K. | £44.0m. |
| **Trade (1975)** | |
| Imports (to end March) | £K85.3m. |
| Exports (to end March) | £K57.0m. |
| Imports from U.K. (to end October) | £70.9m. |
| Exports to U.K. (to end October) | £31.1m. |
| Currency: Kenyan pound | £1 = £K0.83 |

# The economy

**Kenya's economy faces some severe problems as a result of the oil crisis and world inflation. The next few years will provide a prolonged test for the country's planners**

*"AVERAGE IMPORT prices in 1974 rose by 61 per cent.—yes Mr. Speaker, 61 per cent. Even without the increase in oil prices which we all know about, import prices rose by 42 per cent. Mr. Speaker, there can be few other countries whose total package of imports rose as much as this."*

Kenya's economy, as this statement from Finance Minister Mwai Kibaki to Parliament last June dramatically highlights, has been appallingly hit by the twin "evils" of the oil crisis and world inflation. Like so many developing countries it has no oil and must import it, and having a somewhat more developed manufacturing sector than most (but one depending heavily on imported raw materials) its import bill is high. Its exports are almost entirely agricultural (so it has been hit by the downturn in prices), while tourism, a major foreign exchange earner, is in the doldrums. In 1974-75 (the financial year ends June 30) the balance of payments deficit was some £K40m.; it is likely to be of the same order this year. Kenya, mostly in surplus over the last 12 years, has never had to face deficits of this order. Observers of the economic situation describe it as "desperate."

In many respects, they do not exaggerate. The balance of payments is the most immediate problem, but the likely effects of these financial constraints on growth prospects have more deeply worrying economic, social and political implications.

The main reason for the payments problem, as Mr. Kibaki said last June, is the enormously increased costs of oil and general imports to Kenya — the value of oil imports jumped from just under £K17m. in 1972 to a staggering £K81m. last year, while, with little change in volume, industrial supplies rose from £K66m. to £K145m. in the same period. The overall volume of imports between 1973 and 1974 rose only by some 4 per cent. though there was a rise in export values of 30 per cent., but even so Kenya's trade deficit rose from £K55m. to £K151m.

There is in fact traditionally a deficit on trade, which in most years has been made good by earnings from transport and tourism, in particular. But despite a notable rise in transport earnings the overall deficit last year, even after large injections of aid and private capital, was still £K37m.

Last year, this gap was principally financed by a combination of IMF drawings (including the gold tranche and oil facility and amounting to some £K19m.) plus a drawing down on foreign reserves (which now amount to two as against four months import coverage) of some £K13m. while other measures, such as an increase in petrol prices, stricter import controls and selected higher import tariffs have been introduced with the specific aim of keeping imports this year at roughly last year's levels.

Although admitting that it was early yet to be sure, Mr. Kibaki, in an interview last month, said that he believed the deficit this year could be kept within the projected limit of £K35-40m. On the export side, the rains, so vital for farm exports, have so far been favourable. With the recent large rise in prices resulting from Brazilian losses and the Angolan war, Kenya's coffee could well earn considerably more than last year's £K38m., while it is hoped that tea, pyrethrum and sisal will do at least as well as last year. Some import saving is expected from good wheat and rice crops, as from increased local production of sugar. Six month figures for export (January-June) show the total at £K87.7m. against £K80m. in the same period last year, while imports, at £K168.6m. are only some £K7m. higher than last year.

## Devaluation

The main query must be on the "invisibles." It is too early to judge, for example, whether Kenya's October devaluation will boost tourist earnings, although Kenya is beginning to develop as a conference centre (the World Council of Churches just now, Unctad to come next year, for example) and this should help earnings. The biggest question mark must be on capital inflows, however, from which the Government hopes for some £K90m. on both private and Government account in the current financial year. Kenya has been as heavily aided as any African country and far more than most, and aid promised for 1975 and 1976 is thought to total some £K60m. But actual aid to Government in 1974 amounted to some £K23m., and there must be doubts, with continued world recession, that totals promised will be forthcoming. Likewise, although there are a number of new agricultural based investments (notably textiles and sugar), it must be doubted whether private capital inflows will reach the projected £K40m. for 1975-76.

Something of a caveat must also be added on the East African Community, for not only are Kenya's manufactured exports to its partners, Uganda and Tanzania, tending to fall, but many of the corporations belonging to the three States are in serious financial straits to the point where, it is believed, there may be some defaulting on debts.

But even if capital inflows, together with bridging finance from the IMF, do reach projected levels, Kenya is still faced with depressing economic prospects, at least for the next two or three years. The main problem is that growth simply cannot be maintained. Used to a growth rate averaging 6-7 per cent. over the last decade, Kenya has seen a small but still positive real increase in incomes—at least 2 or 3 per cent. a year. This year, real growth in GDP is estimated, perhaps optimistically, at around 3 per cent., but since that is just under the rate at which the country's population is growing, there will in reality be no growth at all. According to statistics just published, the income of the average Kenyan has actually gone down from £K65 a year last year to £K64 this year. Projections are for an overall decline of nearly 2 per cent. in real incomes over the period of the current development plan 1972-78—against original projections of an increase of nearly 4 per cent.

That is what the oil crisis and world recession has done for Kenya and its financial managers and planners are, not surprisingly, extremely worried. It was awareness of this situation—as well as a creeping realisation that, even before the crisis, Kenya's economy needed some restructuring to take it successfully into the second decade of independence, that moved the Government earlier this year to introduce one of its most important economic policy documents to date.

## Resources

Tabled before Parliament in February, and known as Sessional Paper No. 4, the new policy essentially aims at increasing Kenya's use of its own resources. That principally means agriculture: as a source of domestic food and as a base for industrialisation (both implying import savings) and as exports. Spending on agriculture, and on the related Ministry of Water development, is expected to double between this year (£K34m.) and 1978 (£K67m.). Most social services (with the exception of education) are expected to show only small increases, while "non-productive" ministries are expected to spend no more, and in some cases (Power and Communications, for example) actually less in 1978 than they are spending this year.

Along with these objectives go tax and other measures designed both to raise revenue and to redirect investment into the required sectors. Most observers agree that the package of measures—agreed, it should be said, with the World Bank and the IMF—is a sound one, although there are inevitably differing views on how successful it may turn out to be.

One vital question is whether Kenya can find the money needed, whether from internal or external sources; another is whether, if it is found, it can be spent. Agriculture in Kenya has a good record, but as an article elsewhere points out, it is now entering an acutely difficult stage, and at a time when the bureaucratic machine, through which much of the money will have to be channelled, is in poor shape.

Another problem is whether industry can respond quickly enough to the challenge to use far more local raw materials and to export far more of its products. There has long been a debate in Kenya over the country's industrial policy which has tended to favour industries not only with a high import content but (curiously in a country with such grave *unemployment*) industries which tend to be capital intensive. This policy is now changing, but it may take a decade before the new policy is fully effective.

The third major problem is whether, in the words of the Sessional Paper, the Government can now "keep domestic price increases to no more than half of the increase in import prices: and hold wage increases to . . . less than domestic prices increases." Threatened with the possibility of a general strike last May, President Kenyatta decreed substantial wage increases out of line with these objectives. Politically understandable (the strike threat coincided with the Kariuki affair) the increases have of course fuelled domestic inflation.

So Kenya is in for an economically tough few years. For the time being, the formal sector, though finding life difficult, is managing to cope, but for all but the most favoured Kenyans things are going to be much tougher before there is any hope of real improvement.

**B.**



# Shine

CONTINUED FROM PREVIOUS PAGE

tical effect of the Kariuki affair has been to undermine the confidence of many Kenyans in the present leadership. And the new element in the situation—which again helps to make this a more serious crisis than 1969—is that for the first time the confidence gap is to be found among the Kikuyu, not simply the dominant but the President's own tribe.

Politics in Kenya are as complicated by tribal considerations as they are in many other African States. Broadly, the success of President Kenyatta has been that, though he is a member of the largest tribal group, he has been able, through judicial balancing, to be accepted as the President of all Kenyans, no matter what their tribe. From time to time, this image has slipped—it did in 1969, when following Mboya's death the President's first appeal was to his own people. Traditional oathings among the Kikuyu, an accepted way of getting Kikuyu loyalty and professing Kikuyu nationalism, were then interpreted (by the Luo in particular) as a hostile act.

To-day, however, it is the Kikuyu who are split, partly because of the continuing struggle for the succession (of which more below) but mainly because of Kariuki's death. Whether or not there is any truth in the allegations, there are Kenyans who believe that people from the President's own area of Kiambu, one of the three main Kikuyu groups, were in some way involved in the death of Kariuki, a Kikuyu from the Nyeri area.

It is alleged, not very convincingly, that the motive could have been that Kariuki was a potential threat to the eventual succession of a Kiambu candidate to the Presidency. But the effect of such currents of belief within the Kikuyu (again against the background of the increasing economic and social inequalities, which Kikuyu feel as strongly as any) has been to fragment in a quite unprecedented way a once quite strongly united people. Since a base of Kikuyu unity has always been a large part of President Kenyatta's strategy in uniting the nation, the present disunity could well make his task more difficult now.

It is this overall situation which leads to the judgment that this is a more serious crisis than that of 1969; and raises doubts as to whether President Kenyatta will find it as easy as he did then both to bring the situation under control, and to keep it that way.

On the surface, President Kenyatta would appear to have won the first battle, that of regaining control. The initial impact of Kariuki's death was to some extent defused by the Government's decision to allow Parliament to set up its own committee of enquiry, although the President's critics complain that much of the good done then has subsequently been undone by the "strong-arm" tactics, particularly in Parliament, over the past few months.

They complain, for example, that a motion to have the Parliamentary report on Kariuki's death submitted to a judicial enquiry (where witnesses would have been named and their evidence made public) was defeated by the Government, and that two assistant Ministers who voted against the Government, were dismissed the next day. In the next few months, there followed what many MP's allege was straight victimisation of several of the Committee's members.

Its Vice-President, for example, was suddenly charged with a criminal offence alleged to have been committed several years earlier; he was tried and convicted, and though he contested and won a bye-election from prison, has been disbarred from taking his seat. Then the critics cite the two select committees—one on corruption and the other on the powers and privileges of parliament—which were made inactive, while in October two key members (including Mr. John Seroney, elected Deputy Speaker earlier this year against President Kenyatta's wishes) were arrested within Parliament and are now in detention.

President Kenyatta himself addressed MPs shortly after this in terms which those who heard him say left them in do doubt as to what might happen if they deviated from the Government line. They were all like chickens, he was reported to have declared, above whom was a hawk, ready to swoop down on them if they strayed from the run.

*Mr. J. M. Kariuki, the Kenyan politician whose death earlier this year plunged the country into political crisis.*

## Tactics

Not surprisingly, in the last few weeks there have been few fireworks inside the once volatile Parliament, or outside it. To most observers, President Kenyatta appears to be employing the tactics so successful in 1969, when he cracked down on critics and those he saw as troublemakers and then, having got control of the situation, proceeded to be much more conciliatory, attempting, once more as the father of the nation, to unite his people.

The main question is whether he will do the same thing now, and whether he will succeed. There are some signs that he will try. Kenyans are now used to the processions of delegates from all over the country to the President's country home, intended to show loyalty both to the Party and the President himself; and there have been many of these over the past few weeks.

Of more significance, although apparently more obscure, is that the President at a gathering of Kikuyu elders apparently issued a reprimand to the key Gikuyu-Embu-Meru Association (GEMA) which groups Kikuyu in an ostensibly non-political organisation and is seen by other tribes as a potentially hostile body for dabbling in politics. News of this suggested not only that the President was attempting to crack down on Kikuyu sectionalism but to reassure other tribes too.

But it is too early to tell whether the President's old magic will work again and allow him to unite all Kenyans behind him. On the positive side, he has done it before. On the debit side, however, is the fact that not only has the gap between rich and poor, and the consequent dissatisfaction this causes, increased markedly in the past year or two: the President himself, an old man and like all old men set in his ways, is either unwilling or unable to change.

In particular, he seems unwilling to accept the major criticism of men like Kariuki, that too much wealth has been allowed to accumulate in the hands of those at the top. Very few Kenyans appear to want a fully Socialist system; most seem genuinely to believe in the importance of a system which allows proper rein to individual initiative. But many ordinary Kenyans would like to see, in the interests of a juster society, some ceiling placed on land or other wealth and an end to what some have termed the greed of the elite. This they seem unlikely to get.

Meanwhile, there are some deleterious side-effects produced partly by the preoccupation of the Government with the crisis, and by the President's own apparent isolation from his Ministers, who seem to hold him in some awe and even fear. The country is presently experiencing grave economic difficulties, which require a major shift in economic policy.

One specific case can illustrate the problem: a major effort agreed at Ministerial level is required to boost agriculture. Yet, by common consent, the Ministry of Agriculture is totally ill-equipped for the galvanising role needed of it. Dynamic action to make it so is required from the top, but is not forthcoming.

In a sense, there is a partial paralysis in the Government, which in the face of the economic crisis could well become more serious in the next year or two. The stark reality—not apparently fully realised in political circles—is that the income of the average Kenyan actually declined last year and is likely to do so again this year—and next. Against the frustrations of the rich-poor gap, this could bode well neither for the smooth running of the remainder of President Kenyatta's rule, nor for that of his successor whoever he may prove to be.

Unhappily if understandably, the succession issue continues to bedevil Kenya's politics and add to the paralysis. The struggle for power or manoeuvring for position continues unabated, exacerbated, if anything, by the Kariuki affair. President Kenyatta's age is not known for sure—while most people believe he is well over 80, there are some, who, in view of his continuing good health, are now increasingly suggesting that he may only be in his late 70s. But for independent Kenya, the President has always been old, and the problem of the succession has always loomed large.

## Successor

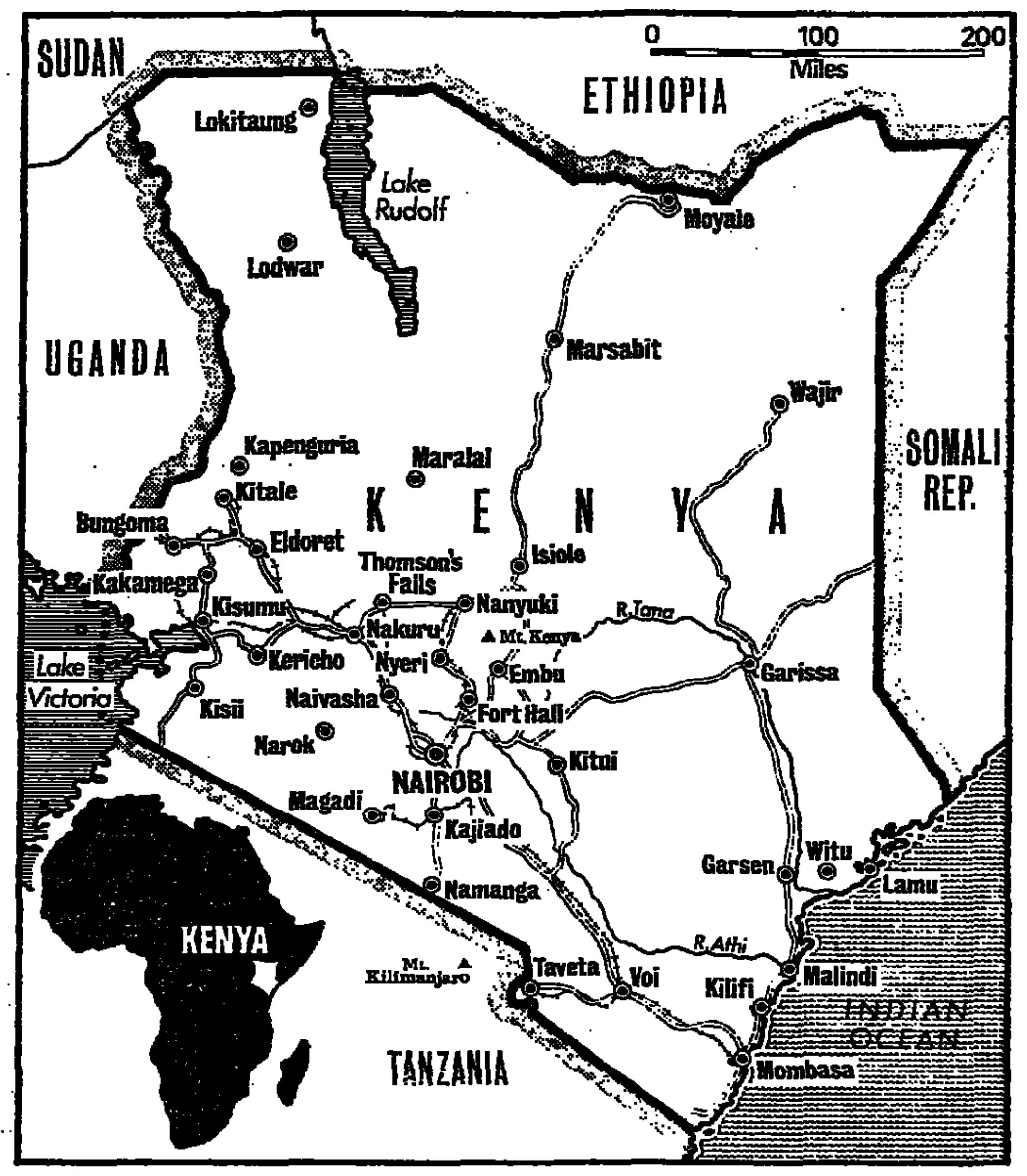
At the present time, two things stand out. The President himself seems to have no intention of standing down, nor does he intend to indicate whom he believes his successor should be. The Constitution is clear on what happens on his death. The Vice-President (at present Mr. Daniel Arap Moi, a man from the minority Kalenjin who has held the office since 1967) takes over for 90 days during which time there must be an election for substantive President.

The current debate centres on the President's attitude to Mr. Moi who some believe would be the least disruptive candidate for substantive President after Jomo Kenyatta goes. But Mr. Moi, following the Kariuki affair, no longer has practical control of the police, which (without public announcement) has been moved to the President's office. Supporters of Mr. Moi—among whom are some prominent Kikuyu—see in this an attempt to demote the Vice-President as a stage in undermining his eventual chances as President. They believe that the Kikuyu establishment (and by that they tend to mean those from the President's own area of Kiambu) is determined to produce its own candidate.

The issue is one of labyrinthine complexity from which the President himself, sphinx-like, appears to stand aloof. Regrettably, since there is very little that can be done to resolve it while the President is alive, the succession issue requires far too much time and energy—from would-be candidates and their supporters, as well as from observers of the scene worried at the effects of the President's decease—which would be more profitably spent on coping with the problems now being neglected.

**The attractions of the warm water beaches of the Indian Ocean and the programmed adventures of the wildlife parks continue to bring in money despite world recession.**

# Tourism




KENYA is now in the middle of its tourist "high season." Coast hotels with charming names like Trade Winds, Two Fishes, Leopard Beach, Serena Beach, Nyali Beach, Whispering Palms—where you can run down to the Indian Ocean from (if you want it) an air-conditioned room — are packed with Germans, Swiss, Italians and Scandinavians — and a few Americans and Britons. That is how the beach pattern, evolved a few years ago, is still running.

Up in the big National Parks the animals are watching game-viewers with funny hats and neo-colonial clothes, who arrive in fleets of microbuses painted like zebras, and spend exciting nights in lodges like the Ark, Tree Tops and Keekorok. Giraffes peer curiously over trees, elephants flap their ears and prepare for flight. It's been going on for a long time, and will go on for much longer, in spite of inflation and the high cost of coming to Africa.

"It looks like the busiest tourist season ever," said a big overseas tour operator specialising in group tours and charters. "The Germans and the Swiss are leading the way."

How do the Kenyans do it? Depression sweeps across the trade every now and again—the high cost of air fares, inflation, ivory poaching, currency problems. But somehow things recover and Kenya's gross earnings from tourism still maintain second place in the foreign exchange league after agriculture. Millions are poured into the industry and its infrastructure—an estimated £K59m. during the 1974-78 Development Plan period, with private investment accounting for £K26m. of this. Inflation has caused a scaling down recently, but large sums are being spent in promotion abroad.

## Competition

Kenya's tourist industry is a tough plant. It has to be highly competitive with other world tourist destinations, and is. It has to withstand inflation pressures, and the rising cost of running hotels, game viewing lodges, fleets of microbuses and all the necessary impediment of tourism. Holidaymaking budgets are cut, air fares have skyrocketed (they now amount to 65 per cent. of the holiday costs), spending money is limited.

Kenya tourism is also a very sensitive plant, affected by political unrest thousands of miles away. Tour operators tell stories of Americans who have cancelled their tour plans in Kenya because of the fighting in Angola, on the other side of Africa!

The industry is not booming, but at a time when world tourism dropped by 3 per cent., Kenya has held its own to a remarkable extent. World conditions have caused a sharp drop since the golden year of 1972, when more than 428,000 tourists came bringing foreign exchange to the tune of £K27.3m.

By 1973 this had dropped to £K24.3m., with 379,000 visitors. The pattern was much the same in 1974, with 379,000 visitors, though foreign exchange earnings returned to the £K27m. mark. Expenditure estimates are based on gross spending by tourists, no allowance being made for the cost of imported goods and services used in the industry. This year, according to an economist at the Ministry of Tourism and Wild Life, receipts should be in the region of £K30m., an all-time record. Optimistic? Many people in the industry think so.

The big package tours from Germany and Scandinavia (the Finns now come as well) still top the tourist bill. Tourists from North America are declining, with a 28 per cent. fall since 1972. Tourists from Asia and Australasia tend to increase.

New hotels are still being built, however, both on the coast and Nairobi. New game lodges are being built as well, to bring more tourists into the wild heart of the country. A new hotel, the Nairobi Serena, is to be opened this month. Others are planned, bringing a total bed capacity of 17,593; it was 5,840 in 1965. Of the 1974 total, 7,071 beds are available in Nairobi, many, of course, for businessmen and conference visitors as well as straight tourists. "But we still need 1,000 new beds in Nairobi," says Mr. Tom Tyrrell of the Kenya Association of Hotel Keepers.

The Kenya Government is playing an increasing part in the hotel trade, through its parastatal Kenya Tourist Development Corporation, which is acquiring controlling interests in many hotels, and has recently taken control of one of the largest hotel chains, African Tours and Hotels. KTDC investments to date total £K4m., and they are also firmly in the hotel management business.

They now own or manage some nine hotels and seven game-viewing lodges and are now moving into largely unexploited Western Kenya. They have taken over the charming Tea Hotel (once Brooke Bond's, in the middle of Kenya's tea country) at Kericho, and are building the luxury Sunset Hotel at Kisumu, on spectacular Lake Victoria, where tourists hardly ever go. "Our expansion does not imply any major change of policy—we are still anxious to encourage those foreign investors who, we believe, can contribute constructively to the growth and success of Kenya tourism," said Mr. Reuben Cheshire, KTDC's chairman.

The KTDC is a strong weapon in Kenya's ongoing policy of Kenyanisation, by aiding and assisting Africans to open new hotels, and buying into tour operating companies, which they prefer to the chancy business of opening new tour companies.

## Employment

As the tour industry expands it is providing an increasing source of employment for Kenyan Africans. Some 15-16,000 are now employed directly by hotels and lodges. Indirect employment is about 15,000 in tour companies as drivers and couriers, little air charter companies, gift shops, making curios, building, and so on. For the first time Kenya hotels have no "seasonal" employment. Men and women are employed all the year round, which has made a big difference to the quality of service. Service has also improved greatly since the opening of the Swiss-funded and managed Utali Hotel Training College, which is turning out young Kenyans at management level, and lower-grade employees such as waiters, cooks and barmen.

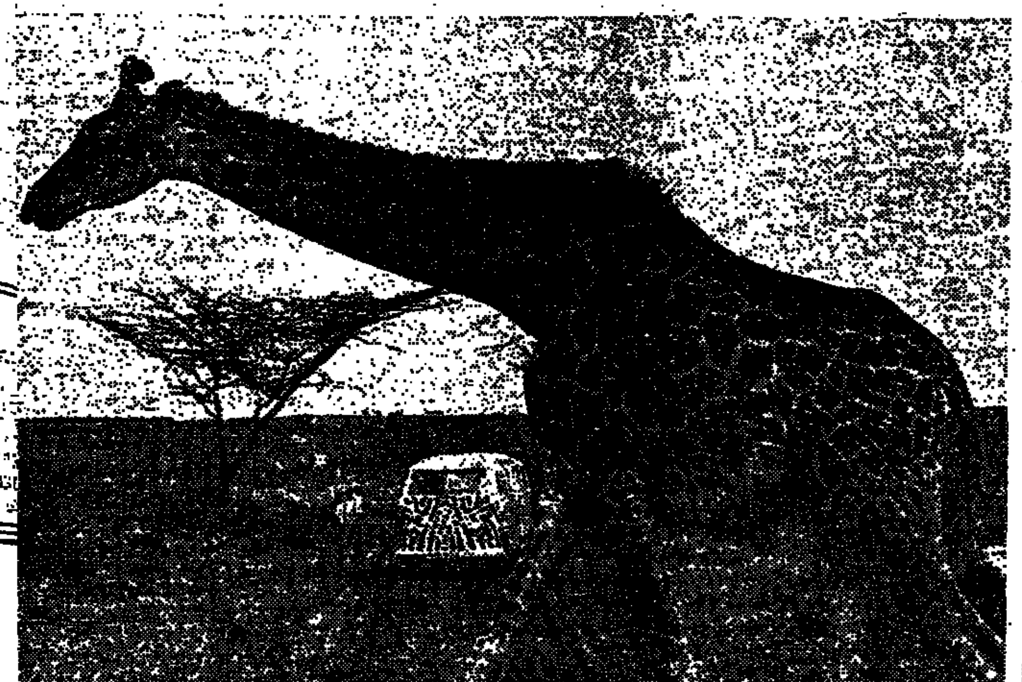
Wages in the hotel trade have gone up by some 15 per cent. this year. Tourist compliments are lavish about the quality of service in hotels and game lodges. Much travelled tourists say it is much better than in many European holiday resorts, which are largely staffed by immigrant waiters and barmen on a temporary basis.

Kenya's system of fine "tourist roads" is being extended, largely with aid money, and many gravelled roads in game parks are being up-graded for a smoother ride. The opening of the new Mombasa Airport will bring tourists direct to the coast, carving off some £K20 in the cost of fares. Boeing 707s are flying into Mombasa from this month, and in July or August Boeing 747s will be able to land there.

The encouragement given to Kenya residents to visit game parks has been blighted by the unaccountable increase in National Park fees, from 5s to 20s per person. This has also been a blow to tour operators, who now have to pay 20s for drivers and couriers, the same rate as that traditionally charged for non-resident visitors.

Mr. Tyrrell, talking of the future, says: "There is still a big demand for Kenya holidays, and it will go on, though big spending tourists are diminishing, especially from America and Britain. Our immediate reaction to inflation was 'this is the end,' but we just have to make up our minds that prices will never go down and may increase. We shall have to live with it."

**John Worrall**
*Nairobi Correspondent*



*Giraffe ignores zebra-striped minibus in the Nairobi National Park.*

**Commercial and climatic pressures are threatening Kenya's resources of wildlife. Poaching is officially condemned, but continues, and drought and pollution are taking their toll.**

# Wildlife threat

YA'S UNIQUE heritage of ife is part of the people's re, a link in the ecological , and a valuable economic . For decades travellers come to Kenya to observe otograph it and sometimes it.

nservationists are to-day nsely concerned about the e of Kenya's wild life, for under a two pronged : from drought, which ves its sources of food, the which it drinks: and man himself, who is shoot- out with gun and bow and for commercially valuable and skins. The tourist is worried that if the pre- pace of destruction con- there may one day be no wildlife to show to the of thousands of visitors come to Kenya to see it.

ught is extended through tting down of tree cover mber and charcoal. Tsavo nd West, the biggest game in the world, and famous herds of elephant, is be- g a desert. Poaching, of nt for its ivory, rhino horns, leopard, zebra, and antelope species for their ful skins is becoming a al disaster.

## ardians

pite the efforts of National wardens, who operate ex- e anti-poacher patrols, and of the guardians of Gov- nt-controlled game re- , the attack goes on un- . The Government spends a year on protecting There is a special police aching unit. National have aircraft, radios and the money for which is ed by conservation organ- s such as the East African ife Society and the World e Fund.

's uninformed negligence blamed for the disaster millions of flamingo on Nakuru, caused by the on of their lake by from the nearby town kuru. Thousands of flamingo have scattered to other, less polluted lakes, leaving only a few patches of pink behind.

That kind of disaster can be cured by education. In its midst Kenya has the United Nations Environment Programme, the biggest conservation body of all.

What cannot be attributed to man's negligence, but only to his greed, is the depletion of the great elephant herds for ivory; the shooting of rhino for their horns, said to be a valuable aphrodisiac in the East; and the shooting of the delightful colobus monkeys for their beautiful fur.

There is great concern for the Kenya elephant. The population last year was roughly estimated at 120,000, but natural growth is slow, and the species may not be able to catch up if the slaughter of thousands goes on. Culprits are arrested, huge hoards of poached ivory are found, but the poaching and the smuggling go on, while the price for ivory in the Far East remains high: about £25 a kilo. Shooting elephant is officially controlled. Ivory sales for export are regulated by Government auctions. The rest has to be poached and smuggled out.

Elephants die naturally, elephants marauding over peoples' crops may have to be shot and, culling is carried out where herds are too big for the surrounding bush to carry. There is plenty of "official" ivory. But poaching has become a profitable business, and it seems to carry few risks for powerful men are believed to be behind the rackets. Poachers are hired by chains of racketeers headed by a "Mr. Big." But for every "Mr. Big" there is a bigger "Mr. Big." This is where the poaching chain ends and the final "Mr. Big" is the man who ought to be nailed. He may have too many powerful connections, however: the Kenyan dilemma is great.

Officially poaching is strongly condemned, and there is obviously a well-organised war against the poachers. Vice-President, Mr. Daniel Arap Moi, said this year "No effort will be spared to stamp it out. Poaching benefits very few who make huge sums at the expense of the country." Efforts are being made to educate young Kenyans through the popular school wild life clubs to bring schoolchildren and their teachers into direct contact with their natural heritage, and teach them its value to both the ecology and the economy. More National Parks are being created. But Kenya has tens of thousands of nomad and semi-nomad tribes whose tradition is to shoot for the pot. Many rural Africans resent the inhibitions against wandering over areas preserved for wild animals. The name *Nyama* in Swahili means meat, and game.

## Forests

If the poaching rackets could miraculously be ended, conservationists say, the game herds would recover their numbers. Another important step, however, would have to be the preservation of the forests and tree cover round the peripheries of the National Parks.

In a hard hitting statement recently, Mr. Jack Block, Chairman of the Kenya branch of the World Wildlife Fund (and well known local hotel owner), said: "The adverse publicity our country has received as a result of the export of ivory, zebra and other animal trophies is a grave reflection on our ability to take care of our most precious heritage." He called for immediate action to end the persistent destruction of wild life and forests.

Perhaps President Amin of Uganda has the right answer, at least in this context. Last month he banned elephant hunting altogether on pain of possible military execution. It may be that drastic action like this will eventually have to be taken by the Kenyans.

**J.W.**

# KENYA IV

**The need to raise farm output, both for local consumption and for export, has led the Government to announce a large increase in investment in this sector. There are many 'medium potential' areas still to be exploited, but the obstacles to doing so are considerable.**

# Agriculture

AGRICULTURE has always been the backbone of Kenya's economy, providing not only 70 per cent. of exports but a livelihood for the majority of Kenyans. It thus seems surprising to learn—from among other official statements, the new economic policy contained in Sessional Paper No. 4—that Kenya is now giving top priority to agriculture.

The paradox is partly explained by the context of the new policy, born out of the current balance of payments crisis, which in turn was spawned by the oil crisis and world recession. Important though agriculture has been to Kenya in the past, there is now a realisation that it must be made to perform more efficiently.

This means three major and immediate tasks. Exports must be stepped up, food for local consumption must be increased, and there must be a growing supply of agricultural raw materials for use in local industry. None of these tasks is easy, though as an earnest of its firm intention the Government has declared that it will double the projected investment in agriculture between now and 1978.

There are of course several problems standing in the way of implementing such a programme. No one can do much about rainfall, though from year to year behaviour of the climate is obviously crucial. Coffee, tea and pyrethrum, three major exports, were all afflicted by drought last year, and all are expected to do better this year—if only because so far at least the rains have been more favourable.

But local foodstuffs, which tend to be grown, unlike the major exports, not just in high rainfall areas but on all arable land throughout the country, were even more affected by lack of rain. Maize and rice, for example, are expected to profit from the better rainfall (as well as from the very substantial price increases made to producers earlier this year), as are livestock and the dairy industry, perhaps most affected by the lack of rain.

Obviously there are other considerations affecting export crops—the sudden boom in world demand for sisal in 1974, for example, has now subsided and farmers who grow the crop in hedgerows (as distinct from plantations) are not now bothering to harvest.

*Kenyan strawberries are exported successfully, along with other fruit and flowers. This farm, just outside Nairobi, is African owned and managed.*

But in many ways, the task of boosting existing agricultural exports is the easiest of those the Government has now set itself. Farmers have shown, provided price incentives are right (which for the time being they seem to be), that they can respond effectively.

## Fertile

There is an additional point that, although a query remains over continuing high costs of agricultural inputs, such as fertilisers and machinery, the main existing export crops tend to be grown in the highly fertile "high potential" areas of Kenya. Here, partly as a result of high investment since independence and partly because of the pre-independence inheritance (this was once the White Highlands, farmed exclusively by largely efficient White farmers), growing anything is relatively easy. What is needed principally is that farmers should be effectively serviced.

While that is a problem, the real challenge to Kenya's new policy on agriculture is to be found in the so-called "medium potential" and even more in the "marginal" areas. It is often not realised that Kenya, a land of extraordinary topographical climatic and soil variations, presently farms effectively only some 15 per cent. of its total land area. The country's population is growing at a staggering 3.5 per cent. a year and for that reason alone Kenya must push the frontiers of its agriculture outwards.

The problems of doing so are enormous, however, and for all sorts of reasons. Besides poor climate and soils, there has been too little research into new crops and new techniques in marginal areas. The cost of fertilising poor land, or irrigating it, is often astronomical, while in many cases the local people, tribally or traditionally, are not attuned to new techniques. Finally, there is such a tremendous variety in the so-called marginal areas — from coastal or lake swamp through the best savannah to almost pure desert—that no one "solution" can possibly be made to apply.

Some successes are being achieved. Kenya has good sugar growing land, particularly in the west. A great deal of money has been invested in outgrower schemes in recent years: production has risen from 80,000 metric tonnes in 1963 to 225,000 tonnes last year; and plans are for the country to be self-sufficient in sugar by 1980.

Whether or not this is achieved (at least one new scheme coming into effect shortly may not be as efficient as the earlier programme, partly because of the contractor finance nature of the project) the aim is clearly vital in terms of the balance of payments. According to the Sessional Paper, some £20m. a year could soon be trimmed off the import bill if Kenya grew all its own sugar.

Another crop which could be in a similar bracket but which is not, is cotton. Production, mainly in medium potential areas from peasant farmers, has remained fairly steady at around 15,000 tonnes a year over the past five years. Here what seems to be needed is better extension work, above all frequent spray which is inhibited by high cc

Likewise, plans for gre increasing livestock product especially cattle, are aimed much more productive use marginal areas. There is highly ambitious livest development program financed by a large number foreign donors (some think too many, for the number led to administrative proble and covering most of country which is designed t to increase local foodstuffs a mainly, to boost exports.

## Studies

There are innumerable stu of Kenya's agricultural poten and many reports from country's multifarious donors and consultants on w should be done. But one pr lem, above all others, be Kenya's current agricult plans. It may be assumed ( Kenya is still greatly favou by foreign aid donors) that m if not all of the money Ke plans to spend on agricultu development over the next years or so will be available. it must be doubted wheth given the existing machin Kenya is capable of actu spending it to good effect.

By general consent, the Mi try of Agriculture is in shape, and despite efforts donor countries and by offic in other Ministries to get reformed, it remains apparen moribund — incapable, as present constituted, of fulfill the galvanising role which new strategy requires of it.

It is clearly a complex pr lem, for Kenya has as good agricultural service in the fi —at least in many areas—as in Africa and much better th most. But without central s port, the service is of little and while plans exist, for ample, for regionally integra rural development programi designed to put the field s vices, particularly at dist level, to maximum use, mu more could be done if there w real dynamism at the top.

B



**The Kenyatta Conference Centre in Nairobi has been energetically promoted but up to now has, with a few exceptions such as last month's World Council of Churches conference, been host only to small gatherings. Now, however, it is beginning to attract big international conferences.**

# Conference centre

LAST MONTH the World Council of Churches brought more than 3,000 delegates from all parts of the world to Nairobi to meet in the Kenyatta Conference Centre. For three weeks the Centre was like a carnival town. Colourful patriarchs and priests, after the talking was over, visited boutiques and shops, the bookstalls and the art and photographic shows. "This is how the Centre should always look," said a local observer. "It really comes alive with a big conference like this." Usage of the Centre is improving, but big conferences are still rare.

The WCC is the biggest conference held in the Centre since the World Bank conference in 1973, which brought 4,000 delegates, observers and journalists to Nairobi, fully stretching the Centre's excellent facilities. Bankers said they had never had a conference in better surroundings.

## Largest

There were no half-measures in the building of the Kenyatta Conference Centre. It cost £4m., and is one of the largest buildings—if not the largest—in Africa. The great oblong plenary hall spreads over 275,280 square yeards, and has a seating capacity of 4,000 (with tables for 3,200), sound amplification, two observer and Press galleries, six interpreter booths and simultaneous interpretation by a wireless system. In the hall it is possible to banquet 2,500 and give cocktail parties for 5,000.

Alongside, the building is a circular amphitheatre which can accommodate 700, has five interpreter booths and a wireless system for simultaneous interpretation. Two meeting rooms of slightly different size can be hired for smaller conferences, or as auxiliaries for larger conferences. The larger seats 400 in rows, or 250 with tables; the small seats 300 in rows or 200 with tables. Both provide interpretation by wire system.

There is a warren of small committee or meeting rooms seating up to 60 people each, a 120-seat lecture or film theatre, and a very spacious Press room with phone booths and telex facilities available for coverage through Kenya's satellite tracking station in the Great Rift Valley. There is a bank and a post office.

Since the Centre was opened a revolving restaurant on the roof of the 28-storey tower has been opened. When the sky is clear you can see Mount Kenya or Mount Kilimanjaro, or both, which is a handsome bonus for people who have travelled 6,000 miles to a conference. In the tower is six storeys of office space available to conference organisers.

The World Bank conference got the Centre talked about in business and banking circles, but the results were not as immediately forthcoming in the way of more big conferences as the Kenya Government had hoped. It found itself holding what was feared would be a huge, expensive baby, eating its head off with upkeep costs and nothing much coming in to finance its feeding.

The matter was hotly debated in Nairobi, over which the Centre loomed like a giant question mark on the economy. The trouble was that at the beginning nobody had much idea how to go about selling the Centre in the big conference markets in America and Europe: especially in Europe where 85 per cent. of all international organisations likely to hold big conferences are based.

## Office

The problem of letting office space was solved to some extent by the United Nations, which accepted Kenya's offer to house the new Environment Programme (UNEP), headquarters, which now occupies some eight storeys in the tower. UNEP also attracts a goodly number of conferences, meetings and seminars, including the annual meeting of the 56-nation Governing Council.

For a year small international conferences came to the Centre in a fairly steady stream to help pay the bills. It was used for local conferences (cheaper rates), for exhibitions, concerts and even dances and discos. The year 1974 ended with a conference total of 10,000 delegates. Not good enough, it was thought.

This pattern continued through 1975, but the Centre has tended towards the end of the year to increase its usage, with conferences of between 200 and 4,000 delegates, culminating in the World Council of Churches Assembly, with all the halls and meeting rooms occupied.

Next year is looking much brighter. There is much the same pattern of small conferences, but also the May UNCTAD conference (4,000 delegates, using all the halls), the International Association of Agricultural Economists (1,000), and the UNESCO General conference (2,400, all halls), the Associated Countrywomen of the World (2,000), the American-British Travel Agents (2,000), the Inter-Conference (4,000), the Desertification Conference (4,000) and the International Telecommunications Conference (2,000).

Next year's healthier business pattern for the Kenyatta Conference Centre has a lot to do with the energetic new programme of promotion overseas now in operation. Two organisations are being used in Europe—World Convention Centres in London, and Inter-Conference of Geneva to promote the Centre, undertake selling, and public relations.

The Centre authorities feel that Nairobi has more to offer than most international conference centres. At a cost of Sw.Frs.1.60 per delegate day, including all back-up services, they claim it is cheaper than either Geneva, Kyoto (Japan), or Berlin. There are eight first-class hotels within walking distance of the Centre, excellect international communications, and services in and out of Nairobi by 26 airlines.

Perhaps the big bonus held out to conference organisers is

CONTINUED ON NEXT PAGE

# KENYA V

**Kenya has been favoured with a good deal of foreign aid, from both the World Bank and from Britain and other European countries. An increasing proportion is being applied towards improving rural living standards.**

# Foreign aid

…SOMETIMES looks as ..ugh the developed world is ..ding over itself to provide ..ancial aid to Kenya. This has ..pt to do with Kenya's steady ..ccess in developing its ..nomy since independence in ..3 and with Kenya's record political stability. The West, .. particularly the U.S. and ..st Germany, could well be ..pressed by Kenya's system of ..pitalist private enterprise ..ich has been maintained ..ile Africa all round it has ..ved into other systems, ..ile the emphasis on rural ..as in the new development ..ey fits in with new aid ..ntations, particularly in the ..., and the U.S.

..he World Bank has set the ..e by making Kenya the ..gest African recipient of aid ..various forms this year, with ..otal of $473.8m. in loans, ..dits and investments. The ..rld Bank is also providing ..9m. for the transport and ..mmunications organisations ..the East African Com..nity, in which Kenya is the ..or partner, and from which .. country derives most ..efit—although aid to the ..C has led to some problems ..ing from the chronic in..ity of those organisations .. manage their financial ..irs.

..ritain has always been ..ya's biggest bilateral source .. aid, amounting to some ..30m. in the 11 years since ..pendence — a significant ..t-up to Kenya's lively ..nomy.

..n British aid the emphasis .. been on roads, agriculture, ..cation and technical training. ..erts are provided in a ..ety of fields. Thousands of ..yans have been trained in ..ain. One of the major ..ish inputs has been to the ..d Adjudication and Registra.. and the Land Transfer pro..mmes, whereby the Kenyans .. been able to buy out British-owned mixed farms. Some £K34m. has been spent by Britain, administered by the Kenya Government, in buying out White farmers, and some £8m. on the transfer and registration scheme. It is coming to an end now: on the whole it has worked well.

*Sir Geoffrey de Freitas, leader of a delegation from the Parliamentary Select Committee on Overseas Aid, with his colleagues on a tour of British-aided projects in Kwale, near Mombasa, last month.*

Now, the U.K. is moving towards aid to increasing rural incomes and the problem of the rural poor. On a recent visit to Kenya members of the Parliamentary Select Committee on Aid spent most of their time studying this problem. The current U.K. aid tranche to Kenya is £K22m. (1973-1976) with another, which will not be less, and may be more, to be negotiated son, almost all, since the change in policy, in grant form.

Britain is participating with the World Bank and other countries in a huge livestock development project to increase rural incomes and build up beef resources for home consumption, with exports eventually in view. Britain is to provide a marketing and services infrastructure right across the country so that cattle can be moved swiftly from water point to water point, from remote areas to big central markets, benefiting some of the least developed areas in Kenya. A large fleet of British Leyland cattle transporters will move cattle all the year round, and across quarantined areas.

The U.S., an increasing aid donor to Kenya, is also switching its orientation towards helping the rural poor. "We regard rural development as essential for Kenya's overall economy, and for Kenya's long-term prosperity and stability," said the U.S. Ambassador in Nairobi, Mr. Anthony D. Marshall.

U.S. aid has increased from $12m. in 1974 to $17m. in 1975, including a $13.5m. loan for the agricultural sector to provide credit to farmers through various outlets, including the Co-operative Movement, the Agricultural Finance Corporation and the Kenya Farmers Association. Some $3.4m. will go towards a new kind of programme, providing credit for seeds, fertilisers, farmer training, extension and marketing services to subsistence farmers. The scheme is intended to bring some 18,000 farmers out of the subsistence into the cash bracket in three years.

The U.S. is also providing technical aid in many areas such as veterinary medicine, and has a big new programme to study the potential of Kenya's marginal, semi-arid and chronically drought-prone areas, with the object of increasing their agricultural output.

The other large aid donors to Kenya are the West Germans, the Swedes and the Canadians. German bilateral assistance to Kenya since 1962 has amounted to £K48m., concentrated through the years on agricultural development, rural areas, water development, small industry and tourism. Small-scale African tea development, the building of tea factories, the construction and rehabilitation of feeder roads, in the rural areas, have been prominent in German schemes. The German Agricultural Team, with some 30 members, is busy on a number of schemes, including extension services, horticultural development, animal husbandry and veterinary services.

Urban water supply and sewage development has been high up in German priorities, and also the development of small-scale African industrial enterprise. Tourism is a big feature in German aid, which has contributed to the building and upgrading of tourist roads, essential to the development of Kenya's valuable foreign exchange earning tourist industry. Millions of D-Marks have been spent on roads inside the national parks.

West Germany was one of the first donor countries to abolish the tying of aid funds to national supplies. Kenya can now buy the cheapest and most efficient equipment in any market where it is readily available.

German loan conditions are 0.75 interest rate, 50 years repayment, with a ten-year grace period. They have a grant element of about 86 per cent.

Since Swedish aid began in 1965 more than £K25m. have been disbursed in Kenya's development, in continually increasing annual "frames." The current allocation is on a grant basis, except for disbursements under existing credit agreements. Money goes into education, chiefly technical, rural development and agriculture including big inputs into dairy production, livestock disease control and soil conservation schemes. Some £K10m. is going into rural water supplies and the National Master Water Plan, a high Kenyan priority. They are involved with other donors in road projects, and are spending considerably on family planning.

## Advance

Swedish aid in the current 1975-76 programme amounts to about £K7.59m. An advance payment procedure has been adopted to eliminate the negative effect on Kenya's balance of payments which arose when Kenya had to advance foreign exchange till reimbursement claims to Sweden could be made. Eight per cent. of the current frame is used for procurement of goods manufactured in Sweden, a change from past policy, under which procurement sources were untied.

Canadian aid to Kenya started three years ago and now is running at about $Can.15m. a year. Assistance is in three major sections, educational (mainly technical and business), rural development, and the support of public administration capabilities. A $Can.10m. technical teachers college is on the stocks, a sum soon to be increased: business education is supported at the Kenyatta College, and the Faculty of Medicine at Nairobi University is kept supplied with teachers.

One of Canada's big projects is a road gravelling scheme which will be of enormous benefit to the rural areas east of the Rift Valley. Canada is also involved in the big livestock project with the upgrading of cattle rangelands, the provision of waterholes and other facilities. They are also involved in a survey of the ecology of the rangelands to provide a data base for operations.

Groups of technical experts are made available to Ministries such as the Treasury, Agriculture, Social Services and Education to develop administration planning capabilities. The hope is that when the programme runs out there will be a completely Kenyan capability.

Many other countries have Kenya aid programmes on a smaller scale, among them France, Finland, Japan, Denmark, Norway and Yugoslavia.

Total aid to Kenya from all sources is in the region of £K62m. for 1975-76. It is disbursed for various projects by the Kenya Treasury, under the supervision of the donor countries' Embassies and High Commissions, who seem satisfied that the right amounts get to the right project.

One effect of the current inflation spiral is that it tends to some extent to swallow up the beneficial effects of aid inputs, with the costs of equipment and services for aid projects continually rising.

And it is an irony of the present economic situation that with Kenya's balance of payments steadily deteriorating the deficit almost matches the total of aid given from all sources.

**J.W.**



# Conference

CONTINUED FROM PREVIOUS PAGE

the back-up of Kenya's thriving tourist industry. Off-duty delegates can be whisked off to Kenya's famous game parks to see the country's wild life, or down to the Kenya coast by road, rail or air to stay at really splendid hotels along the tropical beaches.

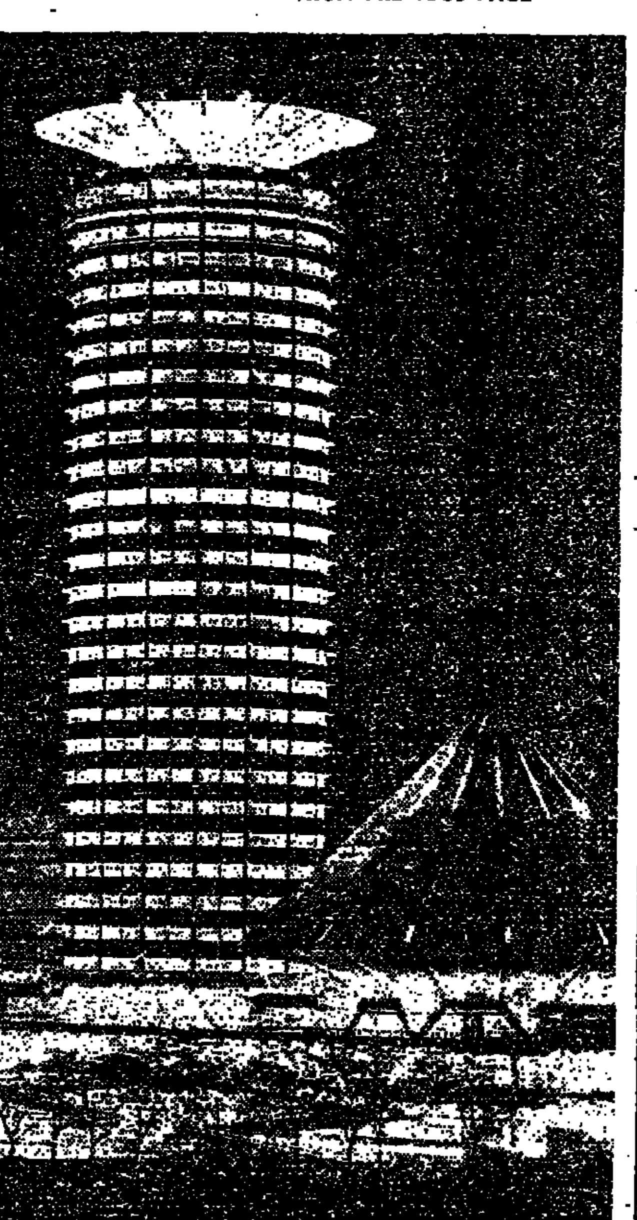
"We really have everything going for us here in Nairobi," said a Centre spokesman. "We are between Europe, the Middle East and the Far East, have a superb climate for delegates to work in, unrivalled off-duty amenities, good hotels, and we are, even in these times of inflation, cheaper than most other centres."

Nairobi presents a challenge to other conference centres which, when it is better known, may reveal itself as keenly competitive. According to the 1974 handbook, there are 4,600 international associations. Surely, Nairobi thinks hopefully, it can lure a dozen or so to its Centre in the course of the next few years.

A note must be made of two of Kenya's "little conference Centres." A small one was built, actually in a game park, at Kilaguni Lodge, in Tsavo West, specially for a scientific conference. That is to be had any time, with views of elephant, rhino and buffalo thrown in.

In a spasm of typically Kenyan optimism, a beautiful conference centre, holding about 450, with other smaller rooms, has been opened at Nyali Beach Hotel on the Mombasa North Beach. The opening of the new Mombasa Airport, which will be served by aircraft coming direct from Europe, bypassing Nairobi, will, it is expected, bring this conference centre into fairly full usage.

**J.W.**



*Kenyatta Conference Centre.*

# STOCK EXCHANGE REPORT

# Chrysler situation adversely affects market sentiment

## Share index down 4.8 at 358.1—Gilts turn dull

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Dec. 1 | Dec. 10 | Dec. 11 | Dec. 22 |
| Dec. 12 | Dec. 23 | Dec. 24 | Jan. 7 |
| Dec. 29 | Jan. 8 | Jan. 9 | Jan. 20 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Equity markets continued on a downward path as the Account drew to a close yesterday. Uncertainty about the outcome of the Chrysler situation kept buyers on the sidelines and, with loose stock coming on the market, leading industrials gradually gave ground as the day progressed. The final tone was described as steady, but the FT 30-share index closed at its lowest of the day with a fall of 4.8 at 358.1, for a fall of 9.5 over the last four trading days. On the Account, however, the index showed a minor improvement of 0.8.

Sentiment in Gilts was also adversely affected by the Chrysler situation. There was a lively two-way business in the shorts, after the previous day's sharp improvement, but final quotations were a fraction easier. Elsewhere, mediums and longs were mostly ¼ lower. The Government Securities index, at 58.53, gave up Wednesday's 0.11 improvement.

End-Account selling also left its mark on second-line equities, this being reflected in the three-to-one majority of falls over rises in FT-quoted Industrials. The FT-Actuaries All-Share index fell 1.0 per cent. to 151.81. Trading conditions were still very slow; official markings of 5,674, compared with 6,744 a week ago.

### Gilts undecided

Gilt-edged lacked a positive direction. The opening trend was firm enough and the shorts traded briskly throughout with the accent switching from low-coupon to high-coupon issues, but long-dated stocks became unsettled by rumours about the Chrysler settlement and subsequently lost ¼. Meanwhile, near-medium issues benefited from a follow-through, although small, of recent buying interest and gained ¼ more, but later-mediums went with the longs to close ¼ lower. A reduction in Minimum Lending Rate to-day was still considered a 50-50 possibility, but yesterday's switch of interest away from low-coupon shorts suggested that the announcement of a new "tap" issue would fetch longer odds. Southern Rhodesian bonds marked time awaiting developments in the constitutional talks, which began in Salisbury yesterday.

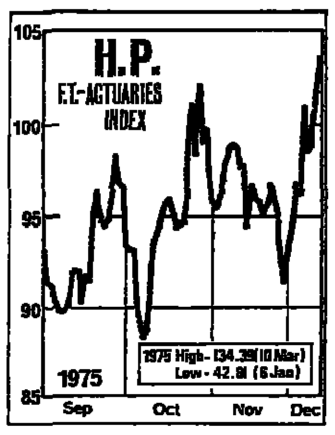
A reactionary trend persisted in the investment currency market and the premium ended ¾ lower at 119½ per cent., after briefly touching 118 per cent. Yesterday's SE conversion factor was 0.5869 (0.5840).

Hughes Tool remained a firm market in Recent Equities, adding ½ more at £33¾.

### Home Banks decline

There was very little business transacted in Home Banks, which drifted down to finish with declines extending to 7, as in Lloyds, 231p. Midland, 281p, and Barclays, 294p, registered losses of 4 apiece, while National Westminster shed 3 to 236p and the Warrants 2½ to 82p. Overseas issues, however, had Bank of New South Wales 15 up at 695p and Hong Kong and Shanghai Banking 6 to the good at 294p. A quiet day in Merchant Banks ended with scattered minor losses. Arbuthnot Latham recorded a reaction of 5 at 170p and Guinness Peat shed 3 to 170p, while Keyser Ullmann, awaiting to-day's half-year results, softened 2 to 39p. Slater Walker managed to edge up a penny to 23p. Smith St. Aubyn, 2 easier at 60p, provided practically the only movement in idle Discount Houses. Lloyds and Scottish put on 2 more to 76p in Hire Purchases in reflection of the better-than-expected results. Provident Financial added 3 at 78p.

Insurances remained neglected and closed with fresh modest falls. Phoenix, 210p, Britannic, 140p,




and Equity and Law, 170p, closed with reactions of 4 apiece. C. E. Heath receded 6 to 270p in Lloyds brokers.

The Brewery market was enlivened by Guinness, which responded to the better-than-expected results with a rise of 7 to a fresh "high" for the year of 142p.

H. and R. Johnson-Richards Tiles featured easier Buildings, closing 7 off at 187p, after 183p; the interim results were announced on January 16 last year. Travis and Arnold, at 100p, gave up the previous day's rise of 3 which followed the interim report. IDC declined 5 to 93p, while Tarmac, 164p, and BPB Industries, 150p, shed 3 apiece. Liner Concrete Machinery contrasted with a rise of 1½ to 18p on the substantially improved earnings.

ICI closed 2 cheaper at 318p, after 317p. Elsewhere in Chemicals, Fisons slipped 5 to 367p. Modest falls were also recorded by Revertex, 66p, and Lankro, 126p. Against the trend, Blagden and Noakes improved 4 to 110p.

ATV "A" finished a penny easier at 67p following the interim statement.

### GEC react

End-Account selling took its toll of the Electrical leaders, but prices mainly closed above the day's worst. With no inspiration to be gained from yesterday's Press comment on the half year results, GEC reacted to 134p, before closing 5 down on balance at 135p. Thorn Electrical weakened 10 to 198p following Press comment that cast doubts about the benefits to be obtained from any relaxation in hire purchase controls. Reyrolle Parsons declined 3 to 68½p and Philips' Lamp 5 to 850p, while Plessey finished 2 off at 70p, after 69p, and BICC just a penny cheaper at 113p, after 110p. Elsewhere, Racal Electronics came back 6 to 213p on profit-taking.

Little of interest occurred in Stores, which closed easier for choice. Marks and Spencer, 95p, and Debenhams, 83p, shed a penny apiece, while British Home Stores receded 2 to 331p. K-O. Boardman International were notably dull at 5½p, down 1½, in front of to-day's interim statement. NSS continued firmly in Newsagencies, rising 2 more to 60p on further consideration of the results. John Menzies and W. H. Smith "A," on the other hand, were both 3 cheaper at 120p and 323p respectively.

Engineering falls rarely exceeded 4 in amount, GKN losing that much to 248p along with Glynwed which, at 95p, were unsettled belatedly by the monopolies probe into the sanitaryware industry. Babcock and Wilcox gave up 4 at 66p and Whessoe were similarly lower at 36p, the latter after the reduced dividend and profits. Also cheaper after news items were English Card Clothing, 39p, and Graham Wood Steel, 23p. GHP were lowered 5 to 108p, but Hunt and Moscrop hardened to 20½p following the chairman's confident view of prospects. In response to Press comment, Automatic Oil rose 5½ to 57p, and, awaiting to-day's interim figures, Pegler-Hattersley improved 2 to 158p. Baker Perkins rallied 3 to 53p, and, among smaller-priced issues, F. H. Tomkins gained 1½ to 14½p. Shipbuildings were neglected apart from Robb Caledon, 2 better at 38p.

After Wednesday's sharp fall of 13, Tate and Lyle became a steadier market and closed a penny harder at 236p following the company's denial of any financial difficulties in their Anco Tanker shipping subsidiary. Other sugar issues lost ground, British closing 3 off at 325p and Manbre and Garton 7 cheaper at 129p. Northern Foods finished a penny easier at 76p after the results, while Associated Dairies (interim results expected December 22) reacted 8 to 204p. Geo. Bassett slipped 4 to 80p following the half yearly report. Reflecting the lack of any settlement in the cod war, Associated Fisheries closed a penny easier at a 1975 "low" of 22p. Supermarkets gave more ground, Lennons and Wheatsheaf Distribution both finishing 4 cheaper at 62p and 140p respectively.

Hotels and Caterers had contrasting movements in CCH Investments, 3 off at 19p, and Pontin's, 1½ harder at 26½p.

### Stonehill advance

Activity remained at a low ebb in the miscellaneous Industrial leaders, which generally lost ground. Glaxo came back 7 to 360p, Reckitt and Colman 5 to 318p, and Turner and Newall, 4 to 141p, while Beecham, 337p, and Boots, 126p, both ended 2 easier. The U.S. order for the company to sell its 35 per cent. stake in Airco within a year made little impact on BOC International, which closed just a fraction down at 57½p, after 57p. Elsewhere, Stonehill advanced 7 more to a peak for the year of 103p, still drawing strength from the good interim statement. Redfearn National Glass responded to the profits expansion with a rise of 3 to 56p, while Central and Sheerwood, with interim figures due to-day, put on a penny to 22½p. Spink and Son hardened 5 to 105p in a thin market, while gains of 2 occurred in Zetters, 23p, and Sharna Ware, 20p. In contrast, R. and J. Pullman receded another 5 to 61p, still unsettled by the "rights" offer news with the interim results. Sangers, 84p, relinquished 3 of the previous day's rise of 5 which followed the half-time profits upsurge. The interim report left Crosby House 3 cheaper at 102p, while sharply lower interim profits brought E. Elliott down a penny to 17p. I.C. Gas lost 10 to 360p. Firm Hong Kong issues had Jardine Matheson 11 higher at 377p, while the South African Barlow Rand rose 6 to 264p.

Motors and Distributors drifted lower on small selling and lack of buying interest. Turner Manufacturing eased 3 to 61p, while Dowty, 134p, and Clayton Dewandre, 70p, lost 4 apiece. Associated Engineering closed a fraction easier at 72½p despite the higher profits, while Jonas Woodhead, ahead of to-day's interim report, gave up a penny at 85p.

Bunzl Pulp were dull at 90p, down 3, but Dolan Packaging picked up 2 more to a high for the year of 53p and Chapman (Balham) were raised 5 to 125p. Reflecting the fresh increase in billings—the company has gained the Cadbury/Typhoo account—Geers Gross hardened to a 1975 peak of 35p. Newspapers occasionally eased, Thomson losing 3 to 221p.

### Props. rally late

After losing ground on end-Account selling, Property leaders partially recovered "after-hours" on new Account buying. MEPC recouped an early loss of 2 to close unaltered on balance at 64p ahead of next Thursday's annual results. Land Securities finished 3 down at 156p, after 154p, while Amalgamated Investment and Property, 13p, after 11½p, and Town and City Properties, 14p, recorded net declines of a penny. Secondary issues displayed an easier disposition, but Estates and General Investments were an isolated bright spot at 16½p, up 2½, on demand aroused by news of the new Boardroom appointments. Imry Property declined 6 to 142p and London Bridge Securities 2 to 9p. Among Overseas issues, Hong Kong Land improved 5 to 111p and Lend Lease 4 to 284p.

Oils again conformed to the general market trend and British Petroleum lost 7 to 533p, while Shell gave up 4 at 362p and Burmah 2 at 27p. Secondary issues followed suit and Tricentrol slipped 2 to 46p along with Ultramar, 196p, although the latter did show more resilience than most. Overseas stocks were the only bright section, domestic market influences pushing Woodside-Burmah up 6 to 130p, Sunningdale 40 to 500p and Pan Ocean 35 to 795p.

Overseas Traders closed a shade lower in places. Lonrho shed 2 to 111p, while Wm. Jacks, following the chairman's statement, ended a fraction cheaper at 14p.

London United reacted 4 to 51p in easier Trusts and Financials. Capital shares also gave ground, Altifund, and Triplevest both closing 3 easier at 137p and 112p respectively.

Persistent small selling left Shippings widely lower. Furness Withy closed 5 cheaper at 174p, while similar losses were sustained by P & O Deferred, 95p, and Reardon Smith "A," 90p. Sheaf Steam reacted 6 to 75p and other dull spots included "Lofs," 1½ off at 31½p, and Lyle, 4 cheaper at 183p.

Textiles presented contrasting features in Bond Worth, up 4 at 47p on the maximum permitted dividend payment and current half-year profit forecast coupled with the Belgian trading link-up, and Shaw Carpets, which fell 4 to 22p following deferment of the interim dividend payment and poor first-half figures. Trafford Carpets, at 17½p, were unaffected by the midway recovery. Elsewhere, Courtaulds eased 2 to 141p, A. Beckman fell 2½ to 57½p and John Haggas lost 5 to 265p.

Tobaccos adopted an easier appearance and Rothmans reacted to 33½p before closing a net ¾ cheaper at 34p while Imps shed 1 to 78p.

### Golds improve

Wednesday's rally in South African Gold shares continued yesterday following the further rise in the bullion price which climbed above the $140 barrier for the first time since November 26 and was finally 75 cents up at $140.25 per ounce.

Share prices opened firmer following late U.S. interest here on Wednesday night and the be[tter] trend in overnight U.S. mark[ets]. But lack of further overs[eas] interest, despite the higher m[arket] fixings, left share prices slig[htly] below their best. The Gold Mi[nes] index still managed a rise of [3.0] to 234.1.

Among the heavyweight iss[ues] St. Helena rose ½ to £20¼ ; President Steyn gained ⅜ to £[...] Vaal Reefs were ½ better in fr[ont] of the lower than expected fi[nal] dividend, which was announ[ced] after market hours.

Western Deep, wh[ich] announced a rather better th[an] expected final dividend, rose [...] to £15.

Financials were mix[ed] "Amgold," ½ up at £28¼, [...] Anglo-Vaal, ½ higher at £[...] mirrored Golds but GFSA los[t ...] to £21¾. Union Corporation [re]covered an earlier 5 loss to cl[ose] unchanged on balance at 4[...] Cape interest helped Platinu[ms] with Potgietersrust 3 higher [at] 143p. Coppers and Tins w[ere] neglected.

Australians generally registe[red] substantial gains in line w[ith] the trend in home markets [in] anticipation of a victory for [the] Liberal and Country Party in [the] coming Federal elections.

Pancontinental were outsta[nd]ing, advancing a further 60 [to] 925p and Peko-Wallsend gai[ned] 15 at 480p. Among other sto[cks] showing rises, MIM Holdings [were] up 8 to 224p and BH South r[ose] 5 to 190p, after 195p. Coals, h[ow]ever, tended to lose ground [fol]lowing reports of cuts [in] Japanese imports of Austral[ian] coking coal. Thiess Holdings g[ained] up 5 to 260p, but Oakbridge w[ere] unchanged at 77p.

Elsewhere Westfield Mine[rals] rose 5½ to 69p.

## FINANCIAL TIMES STOCK INDICES

| — | Dec. 11 | Dec. 10 | Dec. 9 | Dec. 8 | Dec. 5 | Dec. 4 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 58.53 | 58.64 | 58.53 | 58.28 | 58.13 | 58.10 | 49.3 |
| Fixed Interest | 58.61 | 58.61 | 58.89 | 58.72 | 58.67 | 58.84 | 50.7 |
| Industrial Ordinary | 358.1 | 362.9 | 364.5 | 360.8 | 367.6 | 364.2 | 150. |
| Gold Mines | 234.1 | 231.1 | 226.3 | 232.4 | 240.1 | 236.8 | 352. |
| Ord. Div. Yield % | 5.87 | 5.79 | 5.78 | 5.84 | 5.73 | 5.79 | 13.5 |
| Earnings Y'ld % (full) | 16.29 | 16.11 | 16.07 | 16.33 | 15.95 | 16.10 | 36.5 |
| P/E Ratio (net) (a) | 8.95 | 9.05 | 9.05 | 8.96 | 9.12 | 9.04 | 3.8 |
| Dealings marked | 5,674 | 5,657 | 5,654 | 6,125 | 5,796 | 6,744 | 6,27 |
| Equity turnover £m | — | 52.14 | 48.55 | 40.75 | 48.85 | 54.06 | 38.4 |
| Equity bargains total | — | 13,903 | 13,510 | 13,205 | 12,787 | 15,944 | 11,95 |

10 a.m. 361.9. 11 a.m. 359.7. Noon 360.4. 1 p.m. 358.8. 2 p.m. 358.4. 3 p.m. 358.3.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=8.86.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| — | 1975 High | 1975 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 62.34 (20/5) | 49.18 (6/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 62.51 (21/5) | 50.53 (6/1) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 377.8 (19/11) | 146.0 (6/1) | 543.6 (19/5/72) | 49.4 (26/6/40) |
| Gold Mines | 442.3 (22/5) | 218.4 (1/12) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| — | Dec. 11 | Dec. 10 |
|---|---|---|
| Daily— | | |
| Gilt-Edged | 151.2 | 165.4 |
| Industrials | 197.4 | 189.6 |
| Speculative | 49.5 | 43.1 |
| Totals | 129.1 | 128.[...] |
| 5-day Av'rge | | |
| Gilt-Edged | 167.7 | 170.[...] |
| Industrials | 199.4 | 208.[...] |
| Speculative | 45.6 | 47.[...] |
| Totals | 131.6 | 136.[...] |

# F.T.—ACTUARIES SHARE INDICES

**These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries**

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section.

| | Thursday, Dec. 11, 1975 Index No. | Day's Change % | Est. Earnings Yield % (Max.) (Corp. Tax 52%) | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (net) (Corp. Tax 52%) | Est. P/E Ratio (nil) (Corp. Tax 52%) | Wed. Dec. 10 Index No. | Tuesday Dec. 9 Index No. | Monday Dec. 8 Index No. | Friday Dec. 5 Index No. | Year ago (approx) Index No. | 1975 High | 1975 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (178) | 135.36 | −1.2 | 16.76 | 6.15 | 8.97 | 8.97 | 136.96 | 137.42 | 136.78 | 138.18 | 50.90 | 143.25 (12/11) | 51.78 (6/1) | 206.37 (4/5/72) | 50.71 (13/12/74) |
| 2 Building Materials (30) | 131.19 | −1.7 | 13.08 | 6.38 | 11.69 | 11.68 | 133.44 | 132.72 | 132.41 | 133.13 | 45.11 | 138.19 (12/11) | 45.11 (6/1) | 233.84 (2/5/72) | 44.27 (11/12/74) |
| 3 Contracting, Construction (23) | 236.60 | −0.8 | 14.86 | 4.07 | 10.40 | 10.40 | 238.41 | 241.32 | 241.42 | 243.00 | 71.48 | 263.54 (12/11) | 74.74 (6/1) | 389.33 (19/5/72) | 71.48 (12/12/74) |
| 4 Electricals (16) | 234.68 | −1.6 | 17.39 | 4.94 | 8.42 | 8.42 | 238.48 | 242.09 | 239.81 | 244.21 | 91.93 | 254.66 (13/11) | 98.49 (2/1) | 350.04 (4/5/72) | 84.71 (25/6/66) |
| 5 Engineering (Heavy) (13) | 155.11 | −3.4 | 20.88 | 7.71 | 7.30 | 7.30 | 160.50 | 160.38 | 159.28 | 160.54 | 66.71 | 164.07 (19/11) | 64.39 (2/1) | 202.57 (8/6/73) | 64.39 (2/1/75) |
| 6 Engineering (General) (63) | 118.45 | −0.6 | 18.59 | 7.07 | 8.06 | 8.06 | 119.19 | 119.03 | 118.55 | 119.91 | 46.03 | 123.15 (19/11) | 45.43 (6/1) | 168.59 (4/5/72) | 45.43 (6/1/75) |
| 7 Machine and Other Tools (9) | 49.05 | −1.4 | 17.21 | 8.61 | 10.47 | 10.47 | 49.76 | 49.61 | 48.83 | 48.85 | 19.99 | 50.91 (21/11) | 20.11 (2/1) | 136.70 (4/7/66) | 19.96 (13/12/74) |
| 8 Miscellaneous (24) | 117.44 | −0.2 | 17.66 | 6.81 | 8.51 | 8.51 | 117.71 | 118.24 | 117.79 | 118.13 | 50.42 | 121.76 (6/6) | 49.65 (6/1) | 177.41 (27/4/72) | 49.65 (6/1/75) |
| 9 CONSUMER GOODS (DURABLE) (56) | 112.45 | −1.8 | 16.46 | 5.51 | 9.16 | 9.14 | 114.52 | 114.42 | 113.38 | 114.97 | 40.38 | 117.43 (13/11) | 38.39 (6/1) | 227.78 (21/4/72) | 38.39 (6/1/75) |
| 10 Electronics, Radio TV etc. (15) | 126.58 | −2.2 | 14.93 | 4.23 | 10.02 | 10.00 | 129.41 | 129.10 | 127.06 | 129.28 | 44.02 | 131.84 (10/11) | 44.28 (6/1) | 257.41 (19/5/72) | 42.85 (12/12/74) |
| 11 Household Goods (14) | 161.49 | −1.0 | 15.16 | 6.49 | 9.69 | 9.66 | 163.13 | 163.70 | 163.56 | 162.98 | 64.91 | 168.90 (19/11) | 64.53 (6/1) | 265.22 (4/5/72) | 63.92 (17/12/74) |
| 12 Motors and Distributors (27) | 65.28 | −1.5 | 19.51 | 7.18 | 7.87 | 7.87 | 66.50 | 66.29 | 66.18 | 67.24 | 23.20 | 70.25 (13/11) | 19.91 (6/1) | 170.59 (15/1/69) | 19.91 (6/1/75) |
| 13 CONSUMER GOODS (NON-DURABLE) (168) | 143.96 | −1.0 | 13.77 | 6.03 | 10.72 | 10.61 | 145.33 | 145.58 | 144.77 | 147.44 | 61.74 | 152.28 (12/11) | 61.98 (6/1) | 226.08 (16/2/72) | 61.41 (13/12/74) |
| 14 Breweries (15) | 160.36 | −0.6 | 13.06 | 6.50 | 11.60 | 11.60 | 161.35 | 160.38 | 159.83 | 163.40 | 70.33 | 172.53 (12/11) | 75.58 (6/1) | 281.87 (22/11/72) | 69.47 (13/12/74) |
| 15 Wines and Spirits (7) | 154.87 | −0.8 | 12.33 | 6.51 | 12.31 | 12.31 | 156.13 | 156.67 | 157.21 | 160.44 | 79.82 | 177.94 (9/7) | 80.42 (6/1) | 257.40 (13/7/72) | 78.81 (13/12/74) |
| 16 Entertainment, Catering (16) | 181.12 | −0.7 | 12.01 | 6.71 | 13.33 | 12.70 | 182.33 | 182.72 | 180.83 | 183.94 | 57.60 | 184.23 (3/12) | 55.28 (6/1) | 329.99 (12/12/72) | 54.87 (19/7/74) |
| 17 Food Manufacturing (22) | 157.50 | −0.8 | 13.51 | 5.21 | 10.36 | 10.29 | 158.70 | 159.76 | 158.83 | 161.21 | 60.83 | 166.80 (18/11) | 62.03 (2/1) | 211.65 (1/6/72) | 59.78 (11/12/74) |
| 18 Food Retailing (16) | 139.49 | −1.6 | 11.09 | 4.92 | 13.11 | 13.11 | 141.76 | 142.04 | 141.33 | 143.26 | 54.90 | 155.88 (10/11) | 57.15 (2/1) | 235.08 (15/8/72) | 54.25 (11/12/74) |
| 19 Newspapers, Publishing (15) | 158.37 | −0.6 | 14.42 | 6.38 | 10.38 | 10.38 | 159.29 | 159.53 | 159.36 | 160.71 | 57.31 | 161.96 (5/12) | 55.08 (6/1) | 250.29 (13/1/72) | 55.08 (6/1/75) |
| 20 Packaging and Paper (13) | 99.12 | −0.5 | 22.26 | 7.70 | 6.68 | 6.69 | 99.60 | 99.73 | 99.48 | 101.13 | 45.00 | 107.12 (20/5) | 43.46 (6/1) | 155.69 (25/4/72) | 43.46 (6/1/75) |
| 21 Stores (33) | 119.62 | −1.2 | 12.62 | 5.66 | 12.12 | 12.12 | 121.10 | 121.48 | 120.55 | 122.78 | 53.67 | 132.94 (24/10) | 52.63 (6/1) | 204.39 (16/8/72) | 52.63 (6/1/75) |
| 22 Textiles (22) | 154.30 | −0.8 | 15.44 | 7.00 | 8.34 | 7.82 | 155.53 | 156.75 | 155.04 | 159.56 | 63.76 | 162.58 (12/11) | 62.91 (6/1) | 253.72 (17/8/68) | 62.66 (11/12/74) |
| 23 Tobaccos (3) | 206.48 | −1.1 | 16.41 | 6.52 | 9.27 | 9.27 | 208.78 | 207.50 | 206.99 | 210.89 | 111.58 | 218.96 (18/11) | 109.92 (6/1) | 339.16 (2/8/72) | 94.34 (13/6/62) |
| 24 Toys and Games (6) | 60.23 | −0.7 | 23.41 | 6.60 | 5.96 | 5.96 | 60.67 | 60.65 | 60.08 | 60.53 | 22.42 | 63.76 (20/11) | 20.92 (6/1) | 135.72 (16/1/70) | 20.92 (6/1/75) |
| OTHER GROUPS (94) | | | | | | | | | | | | | | | |
| 25 Chemicals (24) | 190.79 | −0.7 | 14.58 | 5.05 | 9.61 | 9.61 | 192.19 | 191.18 | 188.53 | 192.16 | 72.02 | 193.68 (24/11) | 73.14 (6/1) | 201.92 (31/1/69) | 71.20 (1/12/74) |
| 26 Office Equipment (10) | 86.40 | −0.8 | 15.43 | 6.05 | 9.09 | 9.09 | 87.05 | 86.97 | 87.14 | 87.53 | 46.64 | 104.78 (17/4) | 45.34 (2/1) | 246.06 (1/8/72) | 45.34 (2/1/75) |
| 27 Shipping (12) | 365.15 | −2.2 | 21.22 | 6.84 | 6.03 | 5.79 | 365.25 | 365.49 | 373.15 | 379.65 | 212.29 | 404.18 (12/11) | 194.38 (6/1) | 517.00 (5/12/72) | 90.80 (29/6/62) |
| 28 Miscellaneous (48) | 147.56 | −0.9 | 16.49 | 6.96 | 9.01 | 9.01 | 148.72 | 149.56 | 148.81 | 150.82 | 64.54 | 156.36 (12/11) | 60.39 (6/1) | 258.83 (2/5/72) | 60.39 (6/1/75) |
| 29 INDUSTRIAL GROUP (496) | 143.87 | −1.0 | 15.11 | 5.98 | 9.71 | 9.65 | 145.38 | 145.57 | 144.69 | 146.96 | 59.35 | 151.53 (12/11) | 59.19 (6/1) | 220.17 (1/5/72) | 59.01 (13/12/74) |
| 30 OILS (4) | 315.71 | −1.2 | 15.94 | 5.10 | 7.01 | 6.27 | 319.61 | 321.88 | 318.72 | 323.33 | 110.48 | 338.18 (13/11) | 105.83 (2/1) | 431.66 (29/6/69) | 87.23 (29/5/62) |
| 31 500 SHARE INDEX | 158.21 | −1.1 | 15.24 | 5.84 | 9.17 | 8.92 | 159.91 | 160.26 | 159.20 | 161.67 | 63.72 | 167.07 (13/11) | 63.49 (6/1) | 227.95 (16/8/72) | 63.49 (13/12/74) |
| 32 FINANCIAL GROUP (100) | 130.51 | −1.0 | — | 5.46 | — | — | 131.78 | 132.02 | 130.53 | 133.12 | 56.76 | 148.45 (20/6) | 56.80 (6/1) | 241.41 (11/4/72) | 55.88 (13/12/74) |
| 33 Banks (6) | 162.10 | −1.3 | 18.14 | 4.97 | 8.44 | 8.44 | 164.16 | 163.98 | 159.29 | 164.91 | 62.44 | 177.11 (10/6) | 62.56 (2/1) | 288.32 (20/7/72) | 62.44 (12/12/74) |
| 34 Discount Houses (9) | 164.45 | −0.4 | — | 7.50 | — | — | 165.10 | 164.64 | 164.48 | 163.53 | 83.46 | 171.13 (18/11) | 84.13 (6/1) | 293.13 (2/7/72) | 81.40 (10/12/74) |
| 35 Hire Purchase (5) | 103.64 | +2.5 | — | 6.11 | — | — | 101.26 | 98.66 | 98.42 | 100.92 | 40.74 | 134.39 (10/3) | 42.81 (6/1) | 433.72 (4/5/72) | 38.83 (11/12/74) |
| 36 Insurance (Life) (9) | 113.21 | −0.9 | — | 6.04 | — | — | 114.23 | 115.55 | 116.23 | 115.96 | 46.43 | 129.31 (12/11) | 44.88 (2/1) | 194.46 (15/3/72) | 44.88 (2/1/75) |
| 37 Insurance (Composite) (7) | 104.16 | −0.6 | — | 6.57 | — | — | 104.84 | 105.56 | 104.31 | 106.33 | [illegible] | [illegible] | [illegible] | [illegible] | 43.96 (5/12/74) |
| 38 Insurance (Brokers) (10) | 215.61 | −0.8 | 9.80 | 4.18 | 15.38 | 15.38 | 217.30 | 218.74 | 219.08 | 220.98 | 69.12 | [illegible] | [illegible] | [illegible] | 65.86 (5/12/74) |
| 39 Merchant Banks (18) | 83.52 | +0.6 | — | 6.45 | — | — | 83.04 | 84.02 | 83.75 | 85.01 | 34.35 | 94.97 | 31.21 | 276.57 | 31.21 (7/1/75) |
| 40 Property (32) | 150.32 | −2.1 | 3.88 | 3.59 | 42.97 | 40.81 | 153.53 | 151.94 | 151.92 | 154.27 | 69.76 | 241.23 | [illegible] | [illegible] | 56.01 |
| 41 Miscellaneous (4) | 76.48 | −1.3 | 15.11 | 6.32 | 12.19 | 12.04 | 77.46 | 77.78 | 78.77 | 79.75 | 34.75 | [illegible] | [illegible] | [illegible] | 33.29 (7/12/74) |
| 42 Investment Trusts (50) | 166.62 | −0.3 | 3.02 | 4.28 | 33.14 | 33.11 | 167.38 | 167.87 | 166.98 | 168.98 | 72.19 | 178.55 | 73.45 | 245.79 | 71.65 (5/12/74) |
| 43 ALL-SHARE INDEX (630) | 151.81 | −1.0 | — | 5.68 | — | — | 153.34 | 153.66 | 152.50 | 155.00 | 62.31 | [illegible] | 62.16 | 228.18 | 61.92 (13/12/74) |
| COMMODITY GROUPS (Not included in 500 or All-Share indices) | | | | | | | | | | | | | | | |
| 44 Rubbers (9) | 376.95 | — | 17.00 | 8.89 | 9.05 | 9.01 | 376.95 | 379.51 | 376.17 | 379.38 | 275.29 | 525.43 | 281.66 | 555.37 | 84.68 |
| 45 Teas (9) | 113.62 | −0.2 | 40.69 | 8.96 | 3.59 | 3.55 | 115.55 | 115.35 | 115.80 | 113.38 | 75.96 | 124.57 | 76.76 | 124.57 | 59.72 |
| 46 Coppers (3) | 264.31 | −0.5 | 45.75 | 6.50 | 2.19 | 2.19 | 262.81 | 261.41 | 262.81 | 262.81 | 372.43 | 467.74 | 253.37 | 597.78 | 94.08 |
| 47 Mining Finance (11) | 111.45 | −0.7 | 10.65 | 4.59 | 10.60 | 10.60 | 110.67 | 110.50 | 110.76 | 112.20 | 66.75 | 141.34 | 80.58 | 176.00 | 56.31 |
| 48 Tins (8) | 89.94 | — | 13.91 | 10.04 | 10.26 | 9.65 | 89.94 | 89.94 | 90.22 | 90.65 | 60.69 | 114.49 | 59.91 | 135.45 | 54.83 |
| 49 Overseas Traders (13) | 210.82 | −1.0 | 15.90 | 4.96 | 8.04 | 8.04 | 214.03 | 215.11 | 213.55 | 217.13 | — | 252.23 | 97.77 | 252.23 | 97.57 |

FIXED INTEREST

| | Thurs., Dec. 11 Index | Yield % | Wed. Dec. 10 | Tuesday Dec. 9 | Monday Dec. 8 | Friday Dec. 5 | Thurs. Dec. 4 | Wed. Dec. 3 | Tuesday Dec. 2 | Year ago (approx.) | 1975 High | 1975 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 Consols 2½% yield | — | 14.88 | 14.87 | 14.98 | 14.96 | 14.95 | 14.95 | 14.94 | 17.54 | | | | | |
| 2 20-yr. Govt. Stocks (6) | 46.15 | 14.04 | 46.58 | 46.40 | 46.10 | 45.92 | 45.97 | 46.17 | 38.74 | | 53.09 | 38.27 | 115.42 | 38.27 |
| 3 20-yr. Red. Deb. & Loans (15) | 49.18 | 15.01 | 46.17 | 46.07 | 46.07 | 46.04 | 45.83 | 45.88 | 37.64 | | 50.86 | 37.01 | 113.45 | 37.01 |
| 4 Investment Trust Prefs. (15) | 46.30 | 14.94 | 46.30 | 46.33 | 46.53 | 46.35 | 46.25 | 46.25 | 35.80 | | 47.30 | 35.35 | 114.41 | 35.35 |
| 5 Coml. and Indl. Prefs. (20) | 63.57 | 14.93 | 63.57 | 63.96 | 64.13 | 64.09 | 63.90 | 63.86 | 63.65 | 50.22 | 66.30 | 47.67 | 114.95 | 47.67 |

| Section or Group | Base Date | Base Value | Section or Group | Base Date | Base Value |
|---|---|---|---|---|---|
| Overseas Traders | 31/12/74 | 100.00 | Food Retailing | 29/12/67 | 114.13 |
| Engineering (Heavy) | 31/12/71 | 153.84 | Insurance Brokers | 29/12/67 | 96.67 |
| Engineering (General) | 31/12/71 | 153.84 | Mining Finance | 29/12/67 | 100.00 |
| Wines and Spirits | 10/1/70 | [illegible] | All Other | 10/4/62 | 100.00 |
| Toys and Games | 16/1/70 | [illegible] | | | |
| Office Equipment | 16/1/70 | [illegible] | | | |
| Industrial Group | 31/12/70 | [illegible] | | | |
| Miscellaneous Financial | 31/12/70 | [illegible] | | | |
| Food Manufacturing | 29/12/67 | [illegible] | | | |

† Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by inland post 16p. [illegible] RECLASSIFICATION: Slater Walker [illegible] per cent. [illegible] replaced by MEPC [illegible] 1997- [illegible] and [illegible] Loans Section.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1975 high | 1975 low |
|---|---|---|---|---|---|---|
| EMI | 50p | 12 | 234 | −1 | 241 | 62 |
| ICI | £1 | 11 | 318 | −2 | 323 | 118 |
| GEC | 25p | 9 | 135 | −5 | 147 | 31 |
| Glynwed | 25p | 9 | 95 | −4 | 106 | 31 |
| Marks & Spencer | 25p | 9 | 95 | −1 | 128 | 47½ |
| Plessey | 50p | 9 | 70 | −2 | 90 | 39 |
| Tate & Lyle | £1 | 9 | 236 | +1 | 266 | 85 |
| Beecham | 25p | 8 | 337 | −2 | 344 | 116 |
| "Bats" | 25p | 8 | 317 | −3 | 338 | 164 |
| Land Secs. | 50p | 8 | 156 | −3 | 251 | 79 |
| Lonrho | 25p | 8 | 111 | −2 | 159 | 68 |
| Nat. West. Wrnts. | £1 | 8 | 82 | −2½ | 109 | 16 |
| Rank Org. "A" | 25p | 8 | 135 | −1 | 205 | 78 |
| Shell Transport | 25p | 8 | 362 | −4 | 390 | 118 |
| Thorn Elect. | 25p | 8 | 198 | −10 | 224 | 74 |

*The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).*

## Option Report—3-month Call rates

OPTION DEALING DATES

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Dec. 9 | Dec. 22 | Mar. 4 | Mar. 16 |
| Dec. 23 | Jan. 6 | Mar. 18 | Mar. 30 |
| Jan. 8 | Jan. 19 | Apr. 1 | Apr. 13 |

"Calls" were dealt in Burton "A" and Warrants, Plessey, Triplevest Capital, H. and R. Johnson-Richards Tiles, Cavenham Warrants, Ladbroke, Burmah Oil, Charterhall Finance, Norcros and Amalgamated Investment. No "puts" were reported, while "doubles" were arranged in Burton "A," Lonrho, British Land, House of Fraser and Slater Walker.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Industrials | | Guardian | 20 | Spillers | [illegible] | Shell | 28 |
| A. P. Cement | 15 | G.K.N. | 22 | Tesco | 6 | Ultramar | 20 |
| Assoc. Leisure | 3 | Hawker Sidd. | 27 | Thorn "A" | 20 | | |
| Barclays Bank | 25 | House of Fraser | 6 | Tube Invest. | 27 | Mines | |
| Beecham | 28 | I.C.I. | 21 | Unilever | 40 | Anglo Amer. | 50 |
| Boots Drug | 12 | "Imps" | 7 | Utd. Drapery | 10 | Charter Cons. | 19 |
| Bowaters | 16 | I.C.L. | 7 | Vickers | 13 | Chart'rh'll Fin. | 6 |
| B.A.T. | 30 | Inveresk | 7 | Williams Hud'n | 4 | Cons Gold | 18 |
| British Leyland | 7 | Legal & General | 13 | Woolworths | 6 | De Beers Def. | 35 |
| BOC Int. | 5½ | Ladbroke | 11 | | | F.S. Geduld | 350 |
| Burton 'A' | 7 | Lloyds Bank | 22 | Property | | Great Boulder | 12 |
| Cadburys | 6 | "Lofs" | 5½ | Amal. Inv. | 4 | Hampton Areas | 14 |
| Courtaulds | 11 | "Mams" | 6 | Brit. Land | 64 | Hampton Prop. | 4 |
| Debenhams | 8 | Marks & Sp'ncer | 11 | Cap. Counties | 4½ | Kloof | 140 |
| Distillers | 13 | Midland Bank | 25 | E.P. | 8 | Lonrho | 13 |
| Dunlop | 6½ | Nat'l West Bank | 22 | Land Securities | 18 | Loraine | 55 |
| Eagle Star | 13 | "do" Warrants | 10 | MEPC | 9 | Poseidon | 55 |
| E.M.I. | 17 | P & O Dfd. | 11 | Peachey | 6 | Pres. Steyn | 275 |
| Gen. Accident | 16 | Plessey | 8 | Town & City | 4½ | Rio T. Zinc | 20 |
| Gen. Electric | 13 | R.H.M. | 6 | Town & Comm. | 4 | Welkom | 55 |
| Glaxo | 35 | Rank Org. 'A' | 18 | | | West Areas | 75 |
| Grand Met. | 7 | Reed Int'l | 25 | Oils | | Western M'ng | 18 |
| G.U.S. 'A' | 17 | Rothmans | 4 | Brit. Petroleum | 42 | | |
| | | Slater Walker | 5½ | Burmah Oil | 4 | | |

## NEW HIGHS AND LOWS FOR 1975

The following securities (number in parentheses) among those quoted in the Share Information Service yesterday attained new highs and lows for 1975.

### NEW HIGHS (26)

BRITISH FUNDS (2)
Treas. 3pc 1977 Treas. 3½pc '77-80

COMMONWEALTHS (1)
N.Z. 6pc 1976-80

AMERICANS (3)
Exxon Owens-Illinois
Int. Hldgs. Corp.

BANKS (1)
H.K. & Shanghai

BEERS (1)
Guiness (A.)

BUILDINGS (1)
Johnson Constr. Eqpt.

CHEMICALS (2)
Blagden & Noakes Ciba Geigy 8¼pc Conv. 1982-95

STORES (1)
NSS Newsagents

ELECTRICALS (2)
Farnell Electronics Utd. Scientific

ENGINEERING (4)
Hunt & Moscrop Tomkins (F. H.)
Thyssen Woodhouse & Rixon

FOODS (2)
Clover Dairies Goldrei Foucard

INDUSTRIALS (3)
Feedex Swire Inds.
Stonehill

PAPERS (1)
Geers Gross

TEXTILES (1)
Dixon (David)

TRUSTS (1)
Meldrum Inv.

### NEW LOWS (4)

ENGINEERING (1)
Beeston Foundry

FOODS (1)
Assoc. Fisheries

SHIPPING (1)
Sheaf Steam

MINES (1)
Sungei Besi

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 11 | 27 | 17 |
| Corpns., Dom. and Foreign Bonds | 7 | 1 | 56 |
| Industrials | 158 | 490 | 1,082 |
| Financial and Prop. | 45 | 189 | 371 |
| Oils | 6 | 8 | 20 |
| Plantation | 6 | 3 | 38 |
| Mines | 44 | 27 | 81 |
| Recent Issues | 9 | 17 | 17 |
| Totals | 286 | 753 | 1,682 |

## BASE LENDING RATES

AFI International ...... 11
Allied Irish Banks Ltd. 11
Anglo-Portuguese Bank 11½
Henry Ansbacher ...... 11½
Banco de Bilbao ...... 11
Banco de Jerez ...... 11
Bank of Cyprus ...... 11
Bank of N.S.W. ...... 11
Banque du Rhone S.A. 11
Barclays Bank ...... 11
Barnett, Christie Ltd. ... 12
Bremar Holdings Ltd. 12
Brit. Bank of Mid. East 11
■ Brown Shipley ...... 11
Cayzer, Bowater Co. Ltd. 11
Cedar Holdings ...... 11
■ Charterhouse Japhet ... 11
C. E. Coates ...... 11
Consolidated Credits ... 1[...]
Co-operative Bank ...... *1[...]
Corinthian Securities ... 1[...]
Credit Lyonnais ...... 1[...]
G. R. Dawes ...... 1[...]
Duboff Brothers ...... 1[...]
Duncan Lawrie ...... 1[...]
English Transcont. ...... 1[...]
First London Secs. ...... 1[...]
■ Antony Gibbs ...... 1[...]
Goode Durrant Trust ...
Greyhound Guaranty ...
Grindlays Bank ......
■ Guinness Mahon ......
■ Hambros Bank ......
Hawtin & Partners ...
■ Hill Samuel ......
C. Hoare & Co. ......
Julian S. Hodge ......
Industrial Bank of Scot[land]
Keyser Ullmann ......
Knowsley & Co. Ltd. ...
Lloyds Bank ......
London & European ...
London Mercantile ...
Midland Bank ......
■ Samuel Montagu ......
■ Morgan Grenfell ......
National Westminster
Northern Comm. Trust
Norwich General Trust
Portman Guaranty ......
P. S. Refson & Co. ......
Rossminster Accept'ces
Schlesinger Limited ...
E. S. Schwab ......
Security Trust Co. Ltd
Shenley Trust ......
Standard Chartered ...
Sterling Credit ......
Thames Guaranty ......
Trade Development Bk
Twentieth Century Bk
United Bank of Kuwai[t]
Whiteaway Laidlaw ...
Williams & Glyn's ...
Yorkshire Bank ......

■ Members of the Accepti[ng Houses] Committee.
* 7-day deposits 7[...], 1-month 7[...].
† 7-day deposits on sums of £[...] under 7[...], up to £25,000 [...] over £25,000 8[...].
§ Demand deposit 8[...].

CORAL INDEX
Close 355-360

I.G. INDEX
GOLD 139-142

## INSURANCE [BASE] RATES

† Atlantic Assurance ...
Cannon Assurance ...
Address shown under Insurance Property Bond table.

# MONEY MARKET

# Full credit supply

Bank of England Minimum Lending Rate 11½ per cent. (since November 28, 1975)

Day-to-day credit was in good supply in the London money market yesterday and the authorities sold a moderate amount of Treasury bills to the discount houses and banks to absorb surplus funds. Banks carried forward surplus balances and Government disbursements exceeded revenue payments to the Exchequer. On the other hand there was a net market take-up of Treasury bills, and an increase in the note circulation.

Discount houses paid 10¾-10⅞ per cent for secured call loans at the start, rates touched 7 per cent. in places, and closing balances were generally taken at around 9½-10½ per cent.

In the inter-bank market overnight loans opened at 10¾-10⅞ per cent. and after rising to 10⅞-11 per cent., eased to 7 per cent. in places, before closing at around 10 per cent.

Short-term fixed period interest rates showed little overall change.

Rates in the table below are nominal in some cases.

| Dec. 11 1975 | Sterling Certificates of deposits | Interbank | Local Authority deposit* | Local Auth. negotiable bonds | Finance House deposit | Company deposits | Discount market deposits | Treasury bills ɸ | Bank bills ɸ | Fine trade bills ɸ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 7-11 | — | — | — | 10¼-15 | 7-11 | — | — | — |
| 2 days notice | — | — | 10⅝-10¾ | — | — | — | — | — | — | — |
| †7 days or 7 days notice | — | 10⅝-11 | 10¾-10⅞ | — | — | — | 10⅝-10¾ | — | — | — |
| One month | 10⅞-10⅞ | 10⅞-10⅞ | 10⅞-11 | 11½-10¾ | 11-12½ | — | 10¾-10⅞ | 10⅞-10⅞ | 10⅞ | 11½-11⅝ |
| Two months | 11⅛-10⅞ | 10⅞-11⅛ | — | 11½-11 | 11-12½ | — | 10¾-10⅞ | 10⅞-10⅞ | 10⅞-10⅞ | 11½-11⅝ |
| Three months | 11⅛-10⅞ | 11-11⅛ | 11⅛ | 11½-11 | 11-12½ | — | 10¾-10⅞ | 10⅞-10⅞ | 10⅞ | 11⅝-11½ |
| Six months | 11⅜-11⅛ | 11⅛-11¼ | 11¼-11⅜ | 11½-11 | 11-12½ | — | — | — | 10⅞ | 11⅞-11¾ |
| Nine months | 11⅜-11⅛ | 11⅛-11⅜ | — | 11½-11⅛ | 11½-13 | — | — | — | — | — |
| One year | 11⅝-11¼ | 11¼-11½ | 12 | 11⅝-11⅞ | 11½-13 | — | — | — | — | — |
| Two years | — | 11⅝-12⅛ | 12¾-12⅞ | 13¼-12½ | — | — | — | — | — | — |

† Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13¼-13½ per cent.; four years 13½-13¾ per cent.; five years 13¾-14 per cent. ɸ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 10⅞ per cent.; and four-month trade bills 11½-11⅝ per cent. Approximate selling rates for one-month Treasury bills 10[...] per cent.; two months 10[...] per cent.; three-month 10[...] per cent. Approximate selling rate for one-month Bank bills 10[...] per cent.; two-month 10[...] per cent.; and three-month 10⅞ per cent.; for one-month trade bills 11 per cent.; two-months 11[...] per cent.; and three-month 11[...] per cent.

Finance House Base Rate (published by the Finance Houses Association) 12 per cent. from December 1. Clearing Bank Deposit Rates for small sums at seven days' notice 7 per cent. Clearing Bank Rates for lending 11 per cent. Treasury Bills: Average tender rates of discount 10.9775 per cent.

# AUTHORISED UNIT TRUSTS

[illegible]

# INSURANCE, PROPERTY, BONDS

[illegible]

## REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share ...es previously shown under regional headings is presented below with quotations ...ondon. Irish issues, most of which are not officially listed in London, are ...n separately and with prices as on the Irish exchange.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ...ny Inv. 20p | 16 | ...... | Craig Ship £1 | 305 | ...... | Shiloh Spinn | 25 | ...... |
| Spinning | 30 | ...... | Hallam Sleigh 10p | 6 | ...... | Sindall (Wm.) | 50 | ...... |
| ...am | 21 | ...... | Higsons Brew | 95 | ...... | | | |
| ...wtr. Est. 50p | 135 | ...... | I.O.M. Stm. £1 | 125 | ...... | IRISH | | |
| ...er Croft | 35 | ...... | Holt (Jos.) 25p | 260 | ...... | | | |
| ...y & Rose £1 | 315 | ...... | Kleen-e-Ze | 17 | ...... | Alliance Gas (£1) | 80 | ...... |
| ...n (R.A.) | 25 | ...... | Lovell's Ship £1 | 95 | ...... | Carroll (P. D.) | 130 | ...... |
| ... & McHdy. | 78 | ...... | N'thn. Goldsmith | 89 | ...... | Clondalkin | 50 | ...... |
| ...s Fr'k. 10p | 33 | −2 | P.M.A. | 43 | +3 | Concrete Prods. | 92 | ...... |
| ...ed | 10 | ...... | Pearce (C.H.) | 80 | ...... | Goodbody (£1) | 34 | ...... |
| Forge | 40 | −4 | Peel Mills | 12 | ...... | Heiton (Hldgs.) | 29 | ...... |
| ...y Pkg. 5p | 16 | ...... | Richards 10p | 13½ | ...... | Irish Distillers | 69 | −1 |
| ... & Reed 50p | 125 | ...... | RobbCaledon5h. | 37 | ...... | Irish Wire | 40 | ...... |
| ...iner & Sons | 11 | ...... | Sayers 12½p | 7 | ...... | Jacob | 73 | ...... |
| ...ner (L.) | 61 | ...... | Sheffield Brick | 65 | ...... | Sunbeam | 9 | +1 |
| | | | Sheff. Refrshmt. | 140 | ...... | Unidare | 63 | ...... |

## ...OOD PRICE MOVEMENTS

| | Dec. 11 | Week ago | Month ago |
|---|---|---|---|
| ...CON | £ | £ | £ |
| Danish A.1 per ton† | 955 | 955 | 955 |
| British A.1 per ton† | 945 | 945 | 945 |
| Irish Special per ton† | 940 | 940 | 940 |
| Polish A.1 per ton† | — | — | — |
| Ulster A.1 per ton§ | 945 | 945 | 945 |
| ...TTER (packet) | | | |
| NZ per 20 lbs† | 7.61- 7.67 | 7.61- 7.67 | 7.61- 7.67 |
| English per cwt† | 45.39-47.77 | 45.39-47.77 | 45.39-47.77 |
| Danish salted per cwt† | 46.63-47.55 | 46.63-47.49 | 46.43-47.55 |
| ...EESE§ | | | |
| English cheddar white rindless per tonne | — | — | — |
| NZ per tonne | 824 | 824 | 824 |
| ...GS* | | | |
| Home-prod. Standard | 3.00- 3.15 | 3.10- 3.25 | 2.85- 3.00 |
| Large | 3.20- 3.40 | 3.20- 3.40 | 2.90- 3.20 |

| | Dec. 11 per pound p p | Week ago per pound p p | Month ago per pound p p |
|---|---|---|---|
| ...EF | | | |
| Scotch killed sides ex KKCF | 37.0—40.0 | 36.0—39.0 | 33.0—37.0 |
| Eire forequarters | 25.0—27.0 | 27.0—29.0 | 26.0—27.0 |
| Argentine chilled rumps | — | — | — |
| ...MB | | | |
| English | 32.0—35.0 | 26.0—36.0 | 30.0—35.0 |
| NZ 2-Ds | 31.5—34.0 | 31.0—33.5 | 30.0—32.5 |
| ...K (all weights) | 29.0—39.0 | 29.0—39.5 | 27.0—39.0 |
| ...TTON | | | |
| English ewes | 16.0—20.0 | 15.0—19.0 | 14.0—15.5 |
| ...LTRY | | | |
| Broiler chickens | 21.5—25.5 | 21.0—26.0 | 21.0—26.0 |

* London Egg Exchange price per 120 eggs. † Delivered. ...r delivery December 13-December 20.



## MAGNET JOINERY LIMITED

## SOUTHERNS-EVANS LIMITED

...rterhouse Japhet Limited reminds shareholders ...Magnet Joinery Limited and Southerns-Evans ...ited that the last time for acceptance of the ...s by Magnet & Southerns Limited is 3 p.m. on ...day, 15th December, 1975.

# OFFSHORE AND OVERSEAS FUNDS

[illegible]

## NOTES

[illegible]

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

## ††BANKS AND HIRE PURCHASE

| 1975 High | 1975 Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 22 | 12 | AldermanSec. 10p | 21 | ...... | ♦0.67 | ♦ | 4.9 | ♦ |
| 235 | 135 | Alexanders D. £1 | 220 | ...... | g11.66 | — | 8.2 | — |
| £114 | £67 | Algemene Fl.100 | £99¼ | ...... | Qh20% | 1.8 | 3.6 | 15.4 |
| 400 | 190 | Allen Harvey £1 | 370 | ...... | †13.5 | — | 5.6 | — |
| 142 | 45 | Allied Irish | 128 | ...... | Q25% | — | 4.9 | — |
| 77 | 14 | Anglo Contnl | 42 | ...... | — | — | — | 16.9 |
| 185 | 95 | Arbuthnot L. £1 | 170xd | −5 | †7.61 | — | 6.9 | — |
| 438 | 170 | Aust. & N.Z. £1 | 430 | ...... | 9.7 | — | 3.5 | — |
| £57 | £21¼ | BankAmer $3.125 | £32⅞ | ...... | Q$1.48 | — | 0.0 | — |
| 40 | 22½ | Bk. Hapoalim I£1 | 32¼ | ...... | Qh9.3% | — | 2.0 | — |
| 385 | 120 | Bk. Ireland £1 | 375 | ...... | Qh16% | — | 4.3 | — |
| £151 | £66 | Do. 10pc Cv. 91-96 | £149 | ...... | Q10% | — | 6.8 | — |
| 23 | 16½ | Bk. Leumi AI£1 | 22 | ...... | Q16% | — | 5.2 | — |
| 230 | 180 | Bk. Leumi (UK) £1 | 220 | ...... | 7.25 | — | 5.1 | — |
| 720 | 370 | Bk. N.S.W. $A2 | 695 | +15 | Q28c | — | 2.3 | — |
| 295 | 104 | Bank Scotland £1 | 290 | −3 | †8.31 | 3.5 | 4.4 | 9.9 |
| £71¼ | £20⅝ | Bankers N.Y. $10 | £22⅛ | ...... | Q$3.00 | — | 6.5 | — |
| 325 | 112 | Barclays £1 | 294 | −4 | †8.29 | 4.2 | 4.3 | 8.5 |
| 73 | 19 | Bates (Edward) | 38 | ...... | — | — | — | — |
| 76 | 18 | Bowring (C.T.) | 70 | −1 | †2.11 | 2.2 | 4.6 | 14.8 |
| 235 | 75 | Brown Shipley £1 | 160xd | ...... | g7.54 | — | 7.2 | — |
| 265 | 110 | Cater Ryder £1 | 255 | ...... | 14.40 | — | 8.7 | — |

## Hire Purchase, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER & ROADS

## BUILDING INDUSTRY—Continued

## CINEMAS, THEATRES AND TV

## DRAPERY AND STORES

## DRAPERY AND STORES—Continued

## CHEMICALS, PLASTICS

## ELECTRICAL AND RADIO

## ENGINEERING, MACHINE TOOLS

## ENGINEERING—Cont.

## FOOD, GROCERIES, ETC.

## HOTELS & CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

## INTERNATIONAL BANK

## CORPORATION LOANS

## COMMONWEALTH & AFRICAN LOANS

## LOANS (Miscel.)

## FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

## AMERICANS

S.E. List Premium 70% (based on $2.0225 per £)

## CANADIANS

S.E. List Premium 70% (based on $2.0500 per £)

Conversion factor 0.5889 (0.5840)

## INDUSTRIALS—Continued

| 1975 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 11½ | 5 | Jentique 5p | 9¾ | −¼ | 0.49 | 2.4 | 7.8 | 8.1 |
| 38 | 20 | Johns'n & B. 12½p | 30 | −3 | d1.56 | 1.4 | 8.4 | (10.2) |
| 46 | 20 | Johnson Chms. | 36 | +1 | †2.18 | 1.7 | 9.3 | 9.5 |
| 345 | 120 | Johnson Mth. £1 | 326 | +1 | 10.23 | 4.5 | 4.9 | 6.9 |
| 41 | 18 | Judge Int. | 26xd | ...... | 1.85 | 1.7 | 10.9 | 8.2 |
| 27 | 14½ | Kalamazoo 10p | 19 | ...... | 1.57 | 1.4 | 12.8 | 8.7 |
| 56 | 20 | Kelsey Ind. 12½p | 50 | −2 | 2.63 | ϕ | 8.4 | ϕ |
| 28 | 9 | Kennedy Sm. 10p | 14 | ...... | 1.38 | 1.9 | 15.2 | 5.4 |
| 970 | 325 | Kershaw (A.) 5p | 687½ | ...... | 12.01 | 0.7 | 2.7 | — |
| 220 | 66 | Kleeman | 213 | ...... | †3.89 | 5.0 | 2.8 | 11.0 |
| 39 | 15 | Kode Int. | 25 | −2 | †1.23 | 3.5 | 7.6 | 5.8 |
| 73½ | 24 | L.C.P. Hlds | 69 | −2 | ϕ13.9 | 2.4 | 8.9 | 9.7 |
| 21 | 11 | L.K. Ind. Inv. | 21 | ...... | †d1.96 | 1.8 | 14.4 | 5.9 |
| 39 | 13½ | L.R.C. Int. 10p | 38 | −1 | 2.0 | 0.8 | 8.1 | 23.0 |
| 101 | 56 | Lamson Inds. | 72 | −2 | 2.74 | 2.5 | 5.9 | 9.8 |
| 40 | 26 | Lawtex | 29 | ...... | 2.58 | 2.0 | 13.7 | 4.9 |
| 120 | 48 | Lead Inds. 50p | 116 | +1 | †4.69 | 3.9 | 6.2 | 6.4 |
| 53 | 24 | Leadenhall Stg. | 52 | ...... | t3.32 | 2.4 | 10.0 | 5.4 |
| 49 | 17 | Le Bas (Ed) | 44 | ...... | †1.36 | 8.5 | 4.8 | 3.8 |
| 39 | 15 | Leboff Fobel 10p | 33xd | ...... | t1.48 | 4.2 | 6.9 | 9.4 |
| 43 | 19 | Lebus Harris | 39 | −1 | 2.0 | 0.2 | 7.9 | — |
| 27 | 12 | Leigh Ints. 5p | 27xd | ...... | 0.73 | 5.8 | 4.2 | 6.3 |
| 80 | 35 | Leisure Car. 10p | 77xd | ...... | 14.82 | 1.7 | 9.6 | 10.4 |
| 168 | 59 | Lep Group 10p | 134 | ...... | 2.54 | 7.7 | 3.0 | 5.9 |
| 41 | 12 | Lesney Prods. 5p | 37 | −½ | g0.84 | 7.6 | 3.5 | 5.2 |
| 61 | 13 | Letraset 10p | 56 | −2 | s1.28 | 3.3 | 3.4 | 12.8 |
| 20½ | 5½ | Liden 10p | 11¼ | −¼ | 0.17 | 2.4 | 2.2 | 23.7 |
| 35½ | 13½ | Light & Leis. 10p | 31½ | ...... | t2.0 | 3.7 | 10.6 | 6.9 |
| 50 | 35 | Lindsay & Wms. | 37 | +2 | 3.06 | 3.6 | 12.7 | 3.3 |
| 62 | 20½ | Lindustries | 53 | −1 | †3.76 | 3.4 | 10.9 | 3.9 |
| 51 | 23 | Lipton (L.) | 23 | ...... | †2.4 | 2.0 | ‡ | 4.7 |
| 65 | 11 | Lloyds Ind. 10p | 61 | ...... | ϕ3.3 | 2.4 | 8.5 | 7.7 |
| 50 | 15¼ | Lon. & Nthn. Grp. | 45½ | −2 | 3.35 | 1.7 | 11.6 | 7.6 |
| 15 | 8 | Long Hmbly. 10p | 12½xd | ...... | 1.17 | 2.0 | 14.4 | 5.3 |
| 32 | 19 | Longton Trans. | 30 | ...... | 2.84 | 1.9 | 14.6 | 5.5 |
| 65 | 28 | Lonsdale Univsl. | 55 | −1 | †3.53 | 3.4 | 9.9 | 4.6 |
| 195 | 62 | Low & Bonar 50p | 155 | ...... | g9.05 | 3.4 | 9.0 | 5.1 |
| 52 | 18 | MK Refrig'n 10p | 40 | ...... | 2.31 | 3.8 | 8.9 | 4.5 |
| 44 | 18 | M.Y. Dart 10p | 37 | −1 | 1.37 | 4.1 | 5.7 | 6.5 |

# MINES

## CENTRAL RAND

| 1975 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| £14¼ | 250 | Durban Deep R1 | 340 | ...... | Q30c | ϕ | 3.2 |
| £14 | 515 | E. Rand Prp. R1 | 540 | +10 | Q35c | ϕ | 3.6 |
| 105 | 24 | Rand Leases 25c | 26 | ...... | — | — | — |
| £34½ | £15¾ | Randf'tn Est. R2 | £27¼ | +¼ | — | — | — |
| 500 | 130 | West Rand R1 | 143 | ...... | Q10c | ϕ | 3.9 |

## EASTERN RAND

| 1975 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 370 | 165 | Bracken R1 | 180 | +5 | Y52c | ϕ | 16.0 |
| 23 | 5 | Daggafontein 50c | 11 | ...... | — | — | — |
| 105 | 33 | East Dag. R1 | 36 | +1 | ‡Q25c | ϕ | ‡ |
| 140 | £ | Gvnl. Areas 5c | 140# | ...... | — | — | — |
| 380 | 110 | Grootvlei 30c | 125 | ...... | ‡Q32c | 1.1 | ‡ |
| 820 | 385 | Kinross R1 | 430 | ...... | Q54c | ϕ | 6.9 |
| 90 | 61 | Leslie 70c | 62 | ...... | Q18c | ϕ | 16.0 |
| 550 | 165 | Marievale 30c | 205 | ...... | ‡Q84c | 1.1 | ‡ |
| 725 | 175 | S. African Ld. 35c | 205 | +10 | ‡Q95c | 1.2 | ‡ |
| 265 | 82 | Vlakfontein R1 | 96 | ...... | Q20c | ϕ | 12.0 |
| £13¾ | 660 | Winkelhaak R1 | 675 | +10 | Q108 | ϕ | 8.8 |
| 120 | 33 | Wit. Nigel 25c | 40 | +1 | — | — | 1.4 |

## FAR WEST RAND

| 1975 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| £11 | 615 | Blyvoor 25c | 710 | +5 | ‡Q100c | 1.3 | ‡ |
| £21½ | £12½ | Buffels R1 | £13½ | +¼ | Q180c | 1.4 | 7.4 |
| 430 | 185 | Deelkraal R0.20 | 190 | +2 | — | — | — |
| £14¼ | 590 | Doornfontein R1 | 670 | ...... | ‡Q110c | 1.4 | ‡ |
| £12¾ | 725 | East Drie R1 | 910 | +25 | Q75c | ϕ | 4.6 |
| 450 | 190 | Elsburg R1 | 210 | +5 | Q33.8c | ϕ | 9.7 |
| £31 | £15 | Hartebeest R1 | £16½ | +¼ | Q215c | 1.4 | 7.3 |
| £13¾ | 620 | Kloof Gold R1 | 680 | +20 | Q55c | 1.4 | 4.5 |
| £17¼ | 525 | Libanon R1 | 610 | ...... | ‡Q110c | 1.9 | ‡ |
| £13¼ | 600 | Southvaal 50c | 680 | +15 | Q9c | 0.9 | 0.7 |
| 480 | 205 | Stilfontein 50c | 230 | +5 | Q30c | ϕ | 8.9 |
| £33¼ | £17 | Vaal Reefs 50c | £20¾ | +¼ | ‡Q220c | 1.7 | ‡ |
| £21½ | 280 | Venterspost R1 | 340 | +5 | ‡Q70c | 1.9 | ‡ |
| £55 | £33 | W. Drie R1 | £36¼ | +¼ | ‡Q465c | 1.2 | ‡ |

[Remaining sections — Industrials (continued), Insurance, Motors, Aircraft Trades, Newspapers, Publishers, Paper, Printing, Advertising, Property, Shipbuilders, Repairers, Shipping, Shoes and Leather, South Africans, Textiles, Tobaccos, Trusts, Finance, Land, Oils, Overseas Traders, Rubbers and Sisals, Teas, O.F.S., Finance, Diamond and Platinum, Central African, Australian, Tins, Copper — illegible at available resolution]

## COPPER

| 1975 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 590 | 196 | Messina R0.50 | 290xd | +5 | Q35c | ϕ | 6.7 |

## MISCELLANEOUS

| 1975 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 8½ | 3 | Burma Mine 17½p | 8 | ...... | m0.5 | — | 1.7 |
| 65 | 17 | Charterhall 5p | 26 | −1 | — | — | — |
| 115 | 40 | Colby Mines $1 | 61 | −7 | — | — | — |
| 810 | 360 | Cons. Murch. 10c | 800 | ...... | Q80c | ϕ | 5.7 |
| 53½ | 29½ | Laurasia | 33 | −2 | — | — | — |
| 375 | 200 | Northgate C$1 | 292 | +2 | ‡Q25c | 1.0 | 5.7 |
| 211 | 80 | R.T.Z. | 172 | ...... | g5.51 | 4.4 | 4.9 |
| 135 | 47½ | Sabina Inds. C$1 | 112 | −3 | — | — | — |
| 81 | 45 | Stanford Mines$ | 48 | ...... | — | — | — |
| £12½ | 874 | Tara Expln. $1 | £10½ | −⅛ | — | — | — |
| 78 | 38 | Yukon Cons. C$1 | 73 | −1 | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends at current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‖ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☼ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 22

FINANCIAL TIMES
Friday December 12 1975



# Arias forms Cabinet of slow change

BY ROGER MATTHEWS

MADRID, Dec. 11.

SENOR CARLOS ARIAS has dismissed all but three of his Cabinet Ministers in an attempt to give the first Government of King Juan Carlos a more modern and reformist image. The Spanish Prime Minister completed his negotiations this morning, and the list was made official to-night.

The thinking behind the choice of new Ministers seems weighted in favour of very slow change. It will clearly offer little to the Left-wing parties, who can be expected to condemn it as a continuation of Francoism. One Left-wing commentator said this afternoon that with one or two exceptions this Government could have been selected by General Franco several years ago.

Hopes for a more liberal era and moves towards a West-European-style Government rest mainly on four or five people, but the weight of the Cabinet remains heavily conservative. There are few new members of the Cabinet who have not held senior posts in the régime of Gen. Franco, although in the past five years one or two have tried to adopt a more liberal stance.

The King and Sr. Arias have opted for a serving general as Deputy Prime Minister, presumably as a bridge to the military. Gen. Fernando de Santiago, head of the main military studies centre, is regarded as a sound professional, but has never been mentioned as a man with any developed political interest. His responsibility for defence matters, but as a Ministry of Defence has yet to be created, he is titled Minister Without Portfolio.

Of more immediate and critical importance is the choice of Sr. Fraga Iribarne, ex-Minister of Information and until recently Ambassador in London, to the Ministry of the Interior, and Sr. José-Maria Areilza, former Ambassador to Washington and to Paris, to the Foreign Affairs Ministry.

## Dominating

Sr. Fraga is sure to be a dominating influence in the Cabinet, and interestingly has accepted perhaps the toughest portfolio. Observers who watched him during his spell as a Minister doubt the authenticity of his newly-discovered liberal position, which will quickly be tested, as he now exercises control over the police forces. Police action against demonstrators and strikers, and illegal political parties, has for long been one of the most contentious issues in Spain.

José-Maria Areilza is one of the few men in the Cabinet who has actually sat down with leaders of Left-wing parties, such as the Communists and Socialists, and as a Monarchist has been able to give the King some insight into Spanish political reality. He has well-developed contacts in Europe and the U.S.

Other hopes for evolution rest on the new Minister at the Prime Minister's Office, Sr. Alfonso Osorio, who was one of the founders of the Right-wing Christian Democratic group "Tacito," and Sr. Antonio Garrigues, a Monarchist and another former Ambassador, who takes over the Ministry of Justice.

The economic Ministries go to Sr. Villar Mir, president of one of the country's main steelmakers, who is Ministry of Finance, and two capable technocrats and businessmen, Sr. Perez de Bricio (Industry) and Sr. Leopoldo Calvo Sotelo (Commerce).

The rest of the Cabinet is composed of the three military Ministries; with the retention of Sr. José Solis, an ultra-conservative who moves to the Ministry of Labour, the introduction of a relatively young Right-winger, Sr. Martin Villa, to take charge of the Government-run trade unions, and the selection of Sr. Adolfo Suarez as secretary-general of the National Movement.

Education goes to Sr. Carlos Robles Piquer, a brother-in-law of Sr. Fraga, and there were some hopes this evening among the Spanish Press over the selection of Sr. Martin Gamero for the Ministry of Information. He is Ambassador to Morocco.

Although Gen. Gutierrez Mellado had been strongly tipped to be Deputy Prime Minister, it is understood he has preferred to become Chief of the General Staff, which will probably be announced shortly. Of all the senior serving officers, he has the most liberal image.

Editorial Comment, Page 20

# Foot prepares to make Docks Bill changes

BY JOHN ELLIOTT, LABOUR EDITOR

A POTENTIAL revolt against the Government by 25 or more trade union-sponsored Labour MPs has forced Mr. Michael Foot, the Employment Secretary to consider preparing significant amendments to his controversial Dock Work Regulation Bill.

Partly because of this, and partly because of a log-jam in the Parliamentary timetable, the Bill's Second Reading—due on Monday—has been postponed and may not even take place until after the Christmas recess.

This will give Mr. Foot time to prepare amendments to the legislation to appease the trade union MPs and so avert any risk of a revolt on the Second Reading which could otherwise lead to the Government being defeated.

The amendments would then be introduced during the Commons Committee stage of the Bill.

Mr. Foot faces a big political battle during the coming months with the Opposition in Parliament over the Bill which seeks to expand the areas where dockers have a prior right to work on their traditionally favourable terms and conditions.

The Opposition is being encouraged by an energetic campaign from commercial interests and now Mr. Foot's problems have been compounded by the trade union sponsored MPs—as well as by lorry driver members of the Transport and General Workers' Union, who are against their fellow docker-members gaining rights to work in cold stores, warehouses and container depots in ten-mile corridors along port areas and rivers.

The initial blast came from three trade unions—the National Union of Railwaymen, which sponsors ten MPs, the General and Municipal Workers' Union, with 14, and the Union of Shop, Distributive and Allied Trades, with five.

Their opposition stems from a failure of the TUC's transport industries' committee to produce a generally acceptable policy on the subject. As a result, the three unions have put varying degrees of pressure on their MPs to vote against the legislation at some stage of its Parliamentary path.

Earlier this week however, Mr. Sidney Weighell, general secretary of the NUR, met Mr. Michael Foot and extracted promises — which will be divulged by Mr. Foot during the Second Reading — that amendments would be introduced guaranteeing the promotion rights and terms and conditions of employment of those of some 6,000 NUR members working in docks who will be covered by the legislation. They are employed by the British Transport Docks Board, and in the Forth Ports and on Teeside.

## Unsatisfied

The GMWU and USDAW have yet to be satisfied. They are exerting strong pressure — and are preparing their own amendments—to stop the Bill applying to single-use warehouses with a multiplicity of customers such as tea warehouses in areas like Banbury (which they fear could eventually be dubbed a dock area under the Bill) and whisky stores on Clydeside.

They also want wholesaling retailing businesses excluded from having either to employ dockers or give their existing workers dockers' rights.

The basic fear behind this, judging by recent experience, is that dockers would claim the right to take jobs in these stores and businesses to the detriment of those already employed there.

**Richard Evans writes:** The official Government explanation, yesterday, for the postponement of the Commons debate on the Dock Work Regulation Bill was that the Parliamentary timetable was too crowded in the last week before the Christmas recess.

At last night's meeting of the Parliamentary Labour Party, Mr. Bob Mellish, Government Chief Whip, was asked about reports that the measure was being postponed because of the anxieties of moderate Labour MPs and some trade unions.

He said they had left him in week was occupied by Parliamentary business that had to be debated before the recess. The only way the docks measure could be debated was for Parliament to go into Christmas week.

Mr. Marcus Lipton, MP for Lambeth Central, later called for a party discussion before the Commons Second Reading debate in January, because of the objections being raised by some trade unions.

Earlier, Mr. James Prior, Tory employment spokesman, saw shop stewards and conveners of the TGWU and the GMWU anxious about their jobs because of the Docks Bill proposal.

He said they had lifet him in no doubt about the bitterness they felt at Mr. Foot's attitude and his failure to meet them or listen to their point of view. They had also been very critical of their own leaders.

Mr. Prior said he had been asked to oppose the Bill in every way possible and had assured them that this would be Opposition policy.

The shop stewards had claimed their livelihood and their industry were being sold down the river and said they would not stand idly by.

# Weather

### U.K. TO-DAY

COLD, except in S.

**London, E. Anglia, Cent. S., S.E. England**

Cloudy, some rain later. Winds W., light. Max. 7C (45F).

**Midlands, S. Wales, E., Cent. N. England**

Cloudy. Some rain. Winds W., [illegible]. Max. 7C (45F).

**Wales, N.W. England, Lakes, [illegible] of Man, S.W. Scotland, N. Ireland**

[illegible]ers; sleet or snow on hills. [illegible] periods. Winds N.W., [illegible]te. Max. 6C (43F).

**Channel Is., S.W. England**

Cloudy, occasional drizzle. Wind variable. Max. 8C (46F).

**N.E. England, Borders, Edinburgh, Dundee, Aberdeen**

Showers, snow on high ground. Wind N.W., fresh. Max. 5C (41F).

**Glasgow, Cent. Highlands, Moray Firth, N.W., N.E. Scotland, Argyll, Orkney, Shetland**

Showers, sunny intervals. Winds N.W., fresh. Max. 5C (41F).

Outlook: Mostly dry except in N. and W. Scotland.

Lighting-up: London 16.21; Manchester 16.20; Glasgow 16.13; Belfast 16.28.

### BUSINESS CENTRES

| | Y'day Mid-day | °C | °F | | Y'day Mid-day | °C | °F |
|---|---|---|---|---|---|---|---|
| Amstrdm. | C | 5 | 41 | Madrid | C | 9 | 48 |
| Athens | C | 15 | 59 | Manchstr. | Fg | 5 | 41 |
| Bahrain | S | 20 | 68 | Mexico C. | S | 20 | 67 |
| Barcelona | C | 14 | 57 | Milan | S | 9 | 48 |
| Beirut | F | 16 | 61 | Montreal | S | 3 | 37 |
| Belfast | C | 5 | 41 | Moscow | Sn | −9 | 16 |
| Belgrade | C | 3 | 37 | Munich | C | −1 | 30 |
| Berlin | C | 2 | 36 | Newcastle | C | 7 | 43 |
| Birmghm. | C | 4 | 39 | New York | C | 4 | 39 |
| Bristol | C | 8 | 47 | Oslo | S | 1 | 34 |
| Brussels | S | 6 | 43 | Paris | S | 1 | 34 |
| Budapest | C | 3 | 37 | Perth | S | 22 | 72 |
| B. Aires | S | 25 | 77 | Prague | C | 4 | 39 |
| Cairo | S | 20 | 68 | Reykjavik | F | −5 | 23 |
| Cardiff | C | 8 | 46 | Rio de J'o | S | 30 | 86 |
| Cologne | C | 5 | 41 | Rome | C | 12 | 54 |
| Copnhagn. | F | 5 | 41 | Singapore | S | 27 | 80 |
| Dublin | C | 6 | 43 | Stockholm | C | 2 | 36 |
| Edinb'rgh | C | 7 | 45 | Strasbourg | S | 2 | 36 |
| Frankfurt | C | 3 | 37 | Sydney | F | 26 | 79 |
| Geneva | C | 3 | 37 | Tehran | S | 8 | 46 |
| Glasgow | C | 7 | 45 | Tel Aviv | F | 17 | 63 |
| Helsinki | C | −9 | 16 | Tokyo | C | 8 | 45 |
| H. Kong | S | 13 | 55 | Toronto | S | −1 | 30 |
| Jo'burg | C | 22 | 72 | Vienna | C | 3 | 37 |
| Lisbon | C | 13 | 55 | Warsaw | S | 1 | 34 |
| London | C | 7 | 45 | Zurich | C | 0 | 32 |
| Luxembrg. | S | 1 | 34 | | | | |

### HOLIDAY RESORTS

| | Y'day Mid-day | °C | °F | | Y'day Mid-day | °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 13 | 55 | Istanbul | F | 9 | 48 |
| Algiers | C | 18 | 64 | Las Plms. | C | 20 | 68 |
| Biarritz | C | 11 | 52 | Locarno | S | 4 | 39 |
| Blackpool | C | 6 | 43 | Majorca | F | 15 | 59 |
| Bordeaux | Fg | 7 | 45 | Malaga | C | 15 | 59 |
| Boulogne | S | 3 | 37 | Malta | F | 19 | 66 |
| Casablnca. | C | 19 | 66 | Nairobi | S | 23 | 73 |
| Cape Tn. | S | 26 | 79 | Naples | C | 11 | 52 |
| Corfu | C | 14 | 57 | Nassau | C | 22 | 71 |
| Dubrovnik | F | 13 | 55 | Nice | F | 13 | 55 |
| Faro | F | 18 | 64 | Nicosia | F | 15 | 59 |
| Florence | S | 1 | 34 | Oporto | R | 11 | 52 |
| Funchal | F | 21 | 70 | Rhodes | S | 15 | 59 |
| Gibraltar | C | 15 | 59 | Salzburg | S | 2 | 36 |
| Guernsey | S | 4 | 39 | Tangier | F | 20 | 68 |
| Innsbruck | S | −1 | 30 | Tenerife | F | 16 | 61 |
| Inverness | S | 7 | 45 | Tunis | C | 15 | 59 |
| I. of Man | C | 8 | 46 | Valencia | C | 14 | 57 |
| Jersey | C | 1 | 34 | Venice | S | 10 | 50 |

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow. Fg—Fog.

# U.K. heads for new EEC farm policy dispute

BY ROBIN REEVES

BRUSSELS, Dec. 11.

BRITAIN IS heading for another EEC row over the Common Agricultural Policy. This follows a European Commission proposal, announced here to-day, to phase out the U.K.'s deficiency payments system of beef market support.

By next June, it would be replaced by the EEC's intervention buying arrangement—the system responsible for Europe's 300,000-ton beef "mountain."

The Commission's decision to press for the abolition of Britain's special beef arrangement—won last February as part of EEC "renegotiations"—was disclosed here to-day by Mr. Pierre Lardinois, Brussels Commissioner responsible for Agriculture, as part of the Commission's farm price proposals for the 1976-77 season.

These envisage an average rise in EEC farm prices of 7.5 per cent. from March next year, an increase which, Mr. Lardinois insisted, would mean no more than 0.65 per cent. on the consumer price index and which could be contained within the Community's 1976 draft Budget.

The increases to farmers in the different Member-States will vary between 7.8 per cent. in the U.K. and 3.5 per cent. in West Germany.

## Necessary

This is because, as in past years, the Commission is seizing the opportunity of the price review to propose reducing monetary border taxes or subsidies on intra-EEC farm trade.

These monetary compensatory amounts arise from trying to retain a unified farm market in face of currency instability.

On beef, Mr. Lardinois said the Commission felt it was necessary to phase out the national arrangements tolerated last year, and make the EEC system uniform.

When asked why, Mr. Lardinois said it was because the cost involved was higher and because it was not in line with a Common Market system.

"This is not to say it might not be applied temporarily in an attenuated form in the future. The British scheme has positive aspects. But in the first instance, we must retain a Common Market and have as few national exceptions as possible."

EEC officials made it clear they are not looking for or expecting the build-up of a British beef "mountain."

The move is based on the belief that the period of beef surpluses is coming to an end and next year's beef market should be firm, making intervention buying negligible.

## Underpinned

**Peter Bullen writes:** British farmers will fight to retain the present beef support system. For the past year, this has put a "floor" in their market when over-supply has weakened cattle prices. In turn this has been underpinned by the EEC-type intervention buying when prices fell even lower, as they did for a period during summer.

The loss of this support system would deal a crucial blow to livestock producers' confidence and it is essential that the system should be retained, the National Farmers' Union said last night.

Any further loss of confidence in the livestock industry could result in fewer cattle which would be serious for consumers in the long term as beef supplies are already expected to drop by 17 per cent. next year.

However, it is felt in official quarters that Mr. Lardinois' proposal about changes in national beef regimes may not, eventually, go as far as ending the U.K. beef deficiency payments scheme.

Mr. Lardinois also proposed ways of tackling the EEC's diary produce surplus problems including ways of reducing the skimmed milk powder "mountain" of 1m. tonnes, and giving milk producers a limited price increase of only 2 per cent. in March followed by 4.5 per cent. in September.

Farm price rise plan, Page 28

# New contract issue in doctors' dispute

BY CHRISTIAN TYLER, LABOUR STAFF

GOVERNMENT Ministers were trying last night to make a final break-through in the junior hospital doctors' dispute that would bring the hospital service, hard-hit by the doctors' industrial action, back to normal.

Mrs. Barbara Castle, Social Services Secretary, was joined by Mr. Michael Foot, Employment Secretary, for late-night discussions with the doctors' national negotiators. Mrs. Castle was preparing for another long session to try to reach a settlement.

Now that the doctors have accepted the Government's offer of an independent audit of their overtime pay bill, they have brought a new issue to the fore —how their contracts are to be defined.

They are now demanding a universal and strict industrial-type contract allowing doctors to do extra overtime only if they choose, once they have completed 40 hours a week.

The Government has offered new contracts which greatly reduce the hours doctors need to work before overtime is payable, but which are still individually drawn up according to the needs of each post.

The British Medical Association says this demand is a "fundamental point of principle," but it is one that has remained very much in the background, while the two sides have argued about the amount of overtime money available for redistribution on new contracts and within the national pay policy.

Mr. Foot was called in to give advice on whether or not the doctors' newest demands would breach the pay policy, as their earlier demands about overtime money were said to do.

Mr. Foot, as guardian of the pay policy, was anxious not to concede any change in the contract that could encourage other groups of workers with similar grievances to upset the spirit of the policy.

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# Spending

**Malcolm Rutherford writes from Brussels:** Mr. Roy Mason, the Defence Secretary, is reported to have told his German counterpart, Herr Georg Leber, in Brussels to-day that there would be no cuts in the Nato area.

Mr. Mason had cut short his attendance at the Nato Ministerial meetings to take part in the Cabinet discussions on public expenditure in London on Tuesday. He returned to Brussels on Tuesday evening and had talks with Herr Leber yesterday. Shortly afterwards, Mr. William Rodgers, the junior Defence Minister, told the House of Commons that he would resign if cuts anything like the size sought by the Treasury were implemented.

The cuts originally sought by the Treasury would have meant the abandonment of at least one major commitment. In effect, there would have had to be a choice between cuts in the central region where Britain has 55,000 troops as well as RAF Germany, or in the East Atlantic and Channel areas. In the latter area, which includes all the sea-borne supply and reinforcement routes between Europe and North America, Britain provides the main weight of the maritime forces immediately available to the alliance.

Cuts in either area would have led to a major outcry in Nato, and Nato Defence Ministers earlier this week were at pains to make this point to Mr. Mason. By and large, the Treasury seems to have accepted that the Nato commitment is indispensable.

The subject was no doubt further discussed to-day when Sir Michael Carey, the Permanent Under-Secretary at the Defence Ministry, fulfilled a long-standing engagement for talks in Bonn.

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# Cod war flares up

Thor let off just one live shot in self defence. Mr. Niels Sigurdsson, the Icelandic ambassador to Britain, said Thor prepared to fire another shot but this was not discharged.

The Icelanders say that the Thor sailed out of Seydisfjord just before noon yesterday to take a look at the three ships which had earlier been spotted by the ships patrol aircraft, a twin-engined Fokker Friendship. The Thor found the three ships a few nautical miles from land and when it approached, two of them, the Star Aquarius and the Star Polaris, started to sail out to sea. The third ship, the tug Lloydsman, did not move and the crew of the Thor thought perhaps it had engine trouble. The Thor followed the two supply ships, signalled them by light and sound to stop and diminished its speed as it caught up with them.

The Star Aquarius reportedly answered this by turning to the coastguard vessel's port side. Thor then turned to starboard to prevent a collision. The Lloydsman suddenly started up and rammed the Thor's port side. At this point, the Thor's gun was uncovered and one or two blank warning shots were fired. The Lloydsman countered by ramming Thor again, and the Thor fired a live shell.

Iceland's Minister of Justice, Mr. Olafur Johannesson, said that the clash was the most serious incident to have occurred in Anglo-Icelandic relations and constituted a clear violation of Iceland's sovereignty.

The firing of shots came after weeks of trawl cutting attempts by Iceland's gunboats, which now number eight, as well as a slight collision with a Royal Navy frigate, one of three which were sent into Iceland's claimed 200 mile waters to protect the British trawler fleet.

The "cod war" has flared up following the expiry of the old two year interim fishing agreement between Britain and Iceland on November 13. Before the end of the agreement, Iceland had unilaterally declared a new 200 mile limit and forbade British vessels to fish within it.

Britain has not recognised this limit and has encouraged its trawling fleet to carry on fishing on the basis of the old agreement which allowed fishing between 50 and 12 miles off Iceland's coast, and an average catch of 130,000 tonnes a year.

In Brussels yesterday Mr. Agustsson insisted there was no question of Iceland going beyond its offer to Britain of 65,000 tonnes of fish a year—the last offer before negotiations broke down. Asked about a statement by Mr. Callaghan yesterday afternoon that Britain was now prepared to go below its last offer of 110,000 tonnes and even below 100,000 tonnes, he said: "If you mean that there can be a settlement somewhere between 65,000 and 100,000 tonnes, the answer must be no." He accepted the statement by another questioner that his attitude amounted to an ultimatum.

THE LEX COLUMN

# Guinness gains overseas

Guinness's profits are £6.4m. higher at £29m. pre-tax for the year to the end of September—at least £3m. more than most external estimates—after an interim gain of £1m. Apart from an increased contribution of approaching £500,000 from the Harp Lager associate, this buoyancy has a very different explanation from the recent better than expected results from Whitbread and Bass. The key has been a £2m. advance in general trading profits, notably overseas in Africa and Asia, and a £3m. rise in associates to £5.8m., with probably around two-thirds of the gain coming from Nigeria where there was a price increase in February—the first in several years. Brewing has also been well ahead in Malaysia and the Cameroons, and overseas profits (apart from associates) are up overall from £4.6m. to £7.5m.

The domestic brewing market has been much less buoyant since in Britain a high price, the shift from heavier to lighter beers and the hot summer combined to produce a fall in volume of several percentage points. So despite a small gain in Ireland and sizeable advances overseas there has been a slight drop in total volume. Trading is likely to remain difficult both in Ireland and the U.K. with volume little changed so far in 1975-76.

Consequently there are obvious doubts about whether profits can be maintained at last year's level, and with a yield of 6.4 per cent. nearer the industry average than in the past there may be limited fresh enthusiasm after yesterday's 7p rise to 142p.

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## Lloyds & Scottish

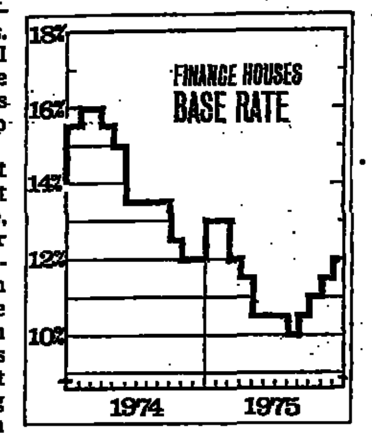
Lloyds and Scottish has been patiently rebuilding its profits in a slack period. After a £1m. gain at half-time, pre-tax profits for the full year emerge £2.5m. higher at £13.1m., with the decline in money costs and the initial impact of British Relay being more than enough to cover steep rises in overheads.

Although L and S has increased its share of the instalment credit market it has continued to concentrate on the higher quality end of the market—with a bias towards new rather than used cars, for instance. Only 1.6 per cent. of its customers are in arrears for more than two months, which contrasts with the worsening

**Index fell 4.8 to 358.1**

experience of some of its competitors. The worst area for bad debts, unusually, has turned out to be London and the South-East. Elsewhere on the consumer side British Relay has made a positive contribution, and staff levels have been trimmed back, but higher VAT and continuing tough controls have slowed down the switch from mono to colour TV.

With a borrowing ratio down from 5.2:1 to 4.5:1, L and S is nicely poised to take advantage




of the expansion which would normally be due at this stage of the economic cycle. Unfortunately, the motor industry's production problems suggest any immediate relaxation of terms control may be confined to the less significant consumer durable end of the business, and industrial credit demand is still slack. There may only be limited near-term scope for the shares, yielding 6.7 per cent. at 76p with a cover of less than twice.

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## Rank Organisation

The row over management and enfranchisement at Rank should not be allowed to obscure the group's underlying financial problems, and de Zoete and Bevan's new study of the controversial group includes a valuable cash flow and liquidity analysis. The brokers suggest that capital spending over the two years to October 1976 will total £90m., while net indebtedness will climb by between £50m. and £70m. after taking into account the £27m. raised by the offer for sale. This leaves the group still perched on a financial tightrope. In October [illegible] Rank had borrowings of £25[illegible] and unused facilities of £66[illegible]

With profits unlikely to [illegible] enough to improve the de[illegible] equity ratio satisfactorily, [illegible] is a risk that any new man[illegible] ment team would choose [illegible] further equity issue as the [illegible] out of the problem. But [illegible] brokers judge that a policy [illegible] asset disposals would be in [illegible] best interests of sharehold[illegible] disposing of the property [illegible] folio would cut debt from [illegible] peak of £310m. to £120m. [illegible] crucial assumption is that [illegible] property could be sold at cl[illegible] to book value. According to [illegible] Zoete, the chance is g[illegible] enough to make the share[illegible] buy at around the current le[illegible]

## Assoc. Engineering

Associated Engineering [illegible] emerged 5 per cent. ahead [illegible] its rights issue forecast [illegible] £13.7m. compared with £9.[illegible] last year. In addition, [illegible] group reckons that it will [illegible] able to make the extra £2[illegible] profits necessary in the curr[illegible] year to avoid dilution on [illegible] fully enlarged capital. [illegible] central theme is the continu[illegible] strength of diesel engine [illegible] mand—roughly a third of sa[illegible] including replacement dem[illegible] —and an improved flow of [illegible] ducts into replacement mark[illegible]

Overseas, AE France [illegible] staged a £920,000 turnround [illegible] the trading level to profits [illegible] £540,000, acounting for nea[illegible] half the £1.9m. improvement [illegible] overseas profits to £4.6m. [illegible] other main trouble spot, C[illegible] rad, has had a less happy ti[illegible] After a brief move into pro[illegible] late last year, it has [illegible] plunged into increased losses [illegible] £879,000 (a downturn [illegible] £631,000) after redunda[illegible] costs of £227,000. Mo[illegible] interests account for some [illegible] per cent. of this compa[illegible] activities and are clearly [illegible] major problem area.

Cash flow of £11.7m. has ea[illegible] covered calls on working capi[illegible] where ratios have again [illegible] proved, and the £7.9m. rig[illegible] issue proceeds have helped [illegible] take net borrowings down fr[illegible] 95 to 64 per cent. of sh[illegible] holders' funds. But with cap[illegible] spending running at £9m., th[illegible] was still an underlying finan[illegible] shortfall on trading of £2.[illegible] Aside from this seemingly [illegible] demic problem, the shares [illegible] 72½p, with historic earning[illegible] 10p and a yield of 8.1 per c[illegible] are not particularly exposed

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